The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

October 21, 1939

Tri-Cornered Diplomatic Tussle Makes Peace Between China and Japan a Live Issue

The Open Door at Shanghai

BY JOHN AHLERS

Wang Ching-wei is Defended

BY P. S. LIN

War Beginning in Earnest

Far Eastern Problems Raised by Debate in Congress on American Neutrality

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What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

MADAME SUN APPEALS

To the Editor:

The China Defence League was formed more than a year ago as an active organization to help the Chinese people in their struggle against Japanese aggression, and through its special knowledge of the conditions of China's war of resistance, it has been able to give valuable assistance to China's fighters and war victims at points where that aid was most sorely needed. In this work of medical and civilian relief, we have been entirely dependent upon contributions from such friends of China as yourselves.

Now that the tide of Fascist aggression has spread to Europe, our Committee would like to re-affirm their solidarity with the world-wide struggle for national independence, democratic freedom, and world peace. For more than two years, the Chinese people have been the vanguard in that struggle. The whole world knows the story of their sufferings; the whole world knows their determination never to submit or yield.

The Far Eastern front remains a key area in the struggle against Fascist aggression, and it may yet prove to be the decisive one. The Chinese people will not lay down their arms until the last Japanese invader has been driven back across the Yellow Sea. A Free China is the only guarantee of peace in the Far East. A Free China would be the first and greatest step towards peace and freedom throughout the world!

Yet recent developments have been such that it seems likely that China in the near future may have to bear the brunt of a new and more ruthless Japanese offensive. And there is a real danger that some of our friends abroad, in the stress and excitement of these perilous days, may lose sight of China's greatest need. That is why we appeal to you earnestly now—not to relax your past efforts in China's behalf, but to continue and even to extend them!

We desire to remind China's friends of the handicaps under which the Chinese armies are fighting today. They have as yet only the beginnings of an adequate medical service, they are ravaged by disease that is often a deadlier enemy than Japanese bombs. Many of the soldiers at the front even suffer from malnutrition. These are urgent problems such as confront no other forces fighting in the same cause.

In any European war, it is the armies which are given the first consideration; and the troops at the front are often better provided for than the civilian population. Essential services such as food, medical attention, supplies and equipment are provided through a modern Army Medical Corps. Conditions in China, as you know, are very different.

When Japan launched her invasion in 1937, the Chinese Army Medical Corps was feudal in its organization, methods and equipment. What improvements have been made have been largely due to the support of friendly bodies. Yet even at this moment, only 15 per cent of the doctors and nurses working with the Chinese armies are fully qualified. Surely it is here in China, where the bare essentials for saving life (and not just "comfort for the troops"!) are so urgently needed, that contributions can be most effective.

What does China need? Drugs—in immense quantities—for the fighting of malaria, cholera, typhoid, dysentery, and relapsing fever. Hospital equipment of every kind to improve the medical services. Dressings, bandages and first aid supplies. Blankets for the protection of the wounded during this coming winter. Tinned milk and concentrated foodstuffs for the sick and wounded, for China's orphans of her two years' war. Funds—all the more valuable now, since the favorable exchange with the Chinese dollar—for the extension and support of all these services.

The China Defence League will continue to receive and acknowledge all such contributions and supplies, and to forward them where the need is greatest; or wherever the donors may wish them to be used.

So we appeal to our friends and well-wishers now:

TO CARRY ON THE WORK FOR CHINA THAT HAS BEEN SO SPLENDIDLY BEGUN!

TO RECOGNISE THAT CHINA'S STRUGGLE IS THE SAME STRUGGLE AS THEIR OWN; BUT THAT CHINA'S NEED IS GREATER!

TO REMEMBER THAT CHINA HAS ALREADY SUFFERED THE DEVASTATION OF OVER TWO YEARS OF WAR!

TO REMEMBER THAT WE ASK THEIR HELP FOR THE SAVING OF LIFE, NOT THE TAKING OF IT!

Yours, in the cause of Democratic Freedom and World Peace!

SOONG CHING-LING,
(Madame Sun Yat-sen)
Chairman, China Defence League.

Hongkong, Oct. 10, 1939

INDIA AND CHINA

To the Editor:

The English writer, Mr. Gerald L. G. Samson's article on "Burma and India and the Sino-Japanese Conflict," aroused deep interest here. We were especially interested in Mr. Samson's statement that Japanese agents, disguised as priests, diplomats, trade commissioners, businessmen and tourists are very active in India recently. These agents are secretly telling the Mohammedans that "with Japanese assistance they will one

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

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PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWENTY TWO DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. ADD $3.00 TO COVER EXTRA POSTAGE TO HONGKONG. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917. BY AIR-MAIL—TO CHUNGKING AND ELSEWHERE IN WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE IS $38.00 A YEAR OR $20.00 FOR A HALF-YEAR.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

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day regain their previous political ascendency in India."

If this were true, I wonder why the Japanese Government does not set a good example by first assisting the Koreans to recover their independence. This would be a very simple and easy thing for Japan to do if she were really interested in helping her fellow Orientals.

Who does not suspect that ambitious Japan is really not interested in freeing the Indian Mohammedans, but only in cheating them under the guise of "assistance."

MU WEN-FU

Kunming, Oct. 6, 1939

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Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China

Volume 90 | Shanghai, China, Saturday, October 21, 1939 | Number 8

Tri-Cornered Diplomatic Tussle Makes Peace Between China and Japan a Live Issue

UNLESS appearances are totally misleading, peace between China and Japan is now actively being sought after by the contending parties and by some of the powers which, to one degree or another, influence their policies. Consider the following sequence of events:

Aug. 30—Gen. Nobuyuki Abe takes office as Japanese premier, announces that the central aim of his government's policy will be the speedy termination of the war with China.

Sept. 16—Truce between Japan and Soviet Russia brings fighting at Nomonhan, on the Manchukuo-Outer Mongolia border, to a close.

Sept. 23—Mr. Sotomatsu Kato, Japanese Minister-at-Large, declares in a Peiping interview that any member of the Chungking Government, including Gen. Chiang Kai-shek, was welcome to join the new central government of China when it was formed, "provided they changed fundamentally their views, especially regarding the Communists."

Sept. 28—Dr. Wang Chung-hui, Chinese foreign minister issues a statement through *United Press* inviting the United States to mediate in the China conflict, and pointing out that it would be profitable for Japan to end the war and "let her industries enjoy the economic benefits which the European war will yield to every neutral in a position to supply the European belligerents and their former customers."

Oct. 6—Sir Archibald Clark Kerr, British Ambassador to China, arrives in Chungking for conversations with Gen. Chiang Kai- shek and other government leaders.

Oct. 10—New puppet central government for China fails to materialize on schedule. No explanation from Tokyo. *United Press* dispatch from London reports that France had sent China "a clear indication that it would be advisable for China to conclude peace with Japan and negotiate with Wang Ching-wei under best possible terms." British and Soviet ambassadors confer in Chungking.

Oct. 11—British Ambassador in Tokyo meets Japanese foreign minister. According to a *United Press* dispatch from London they discussed "final details" of an important Anglo-Japanese announcement "involving certain British concessions to Japan."

Oct. 12—French authorities in Indo-China continue hindering shipments of arms, munitions and other goods to China over the Yunnan-Indo-China Railway, despite assurances of facilities given to Chungking through T. V. Soong and other representatives of the Chinese Government.

That Japan is in desperate need of peace is a point that scarcely needs to be argued. Speedy termination of the war with China appears more and more clearly the only alternative to the complete and irretrievable breakdown of Japan's economy and national life, with the frightening specter of revolution hovering in the background.

How to achieve peace?—that is the problem. For some time, the rulers of Japan harbored the notion that the Kuomintang regime of Gen. Chiang Kai-shek, "reduced to the dimensions of a regional government," would break up and disappear and that its death-knell would be sounded once a puppet central government had been set up. With such a government functioning, Japan's rulers further calculated, the occupied territories would be pacified and Japan would be able to withdraw large numbers of troops, while proceeding to rake in sorely-needed dividends from the costly war campaign.

Events have compelled Japan to revise this conception. The Kuomintang Government, despite its "provincial dimensions" and the disruptive activities of Wang Ching-wei, has not broken up and disappeared. On the contrary, it maintains unified sway over a large territory, resists the further advances of the Japanese Army, directs guerrilla activities in the occupied regions, and declares its intention to keep on fighting until victory is gained. This does not mean, of course, that the Kuomintang Government does not desire peace, provided it can be obtained on terms that would be considered satisfactory. China, like Japan, is war weary, but less so than Japan. An offensive war is always more exhausting than a defensive one. China would welcome peace, but she can continue fighting if necessary. For Japan, however, peace has become an absolute necessity. The Japanese Army attained its maximum striking power in the campaign which reduced Wuhan a year ago. There have been and there will be no more stirring victories. Changsha, where the Japanese Army was put to utter rout recently, revealed the aenemia which has seized Japan's war machine. It is a danger signal which Japan's rulers can ignore only at their peril.

***

Oct. 10, China's "Double-Tenth" anniversary came and went without producing a puppet central government. Why? Observers who have given little thought to the subject advanced the facile explanation that rivalry among the leading puppets—Wang Ching-wei, Wang Keh-min and Liang Hung-chih—was responsible for the failure of the new regime to make its scheduled appearance. A moment's reflection will show how absurd is such a view. That there is a certain amount of rivalry and jealousy between the trio may be taken for granted. But this is not and cannot be decisive. All three are supported and financed by their Japanese masters and are dependent upon them in every respect. They all respond to the crack of the Tokyo whip. Is it conceivable, then, that a puppet central government would have failed to emerge on Oct. 10—or earlier, for that matter—had Japan firmly desired and ordered its establishment? To state the question is to suggest the answer, and there is only one answer possible. Wang Ching-wei, and the puppets at Nanking and Peiping, know what their fate would be if they were to resist a firm demand from the Tokyo warlords. It is not as if

they occupy an independent or even semi-independent position from which they can bargain. Theirs but to do—or die!

The fact of the matter is that it has dawned on Tokyo that a puppet central government, by and of itself, is not the answer to Japan's problem. So long as the Chungking Government remains a center of opposition, Japan will be obliged to maintain a large army of occupation in China and the war will never be at an end. The puppets could never wipe out the guerrillas and pacify the "occupied" territory. Wherever Japanese troops might be withdrawn, Chungking troops would be bound to move in. Besides which puppet troops, as Japan has discovered to her dismay on more than one occasion, are anything but reliable. The Tungchow massacre in 1937 is still fresh in memory.

Chungking, however, could do for Japan what the discredited puppets would be utterly unable to do, or so Tokyo believes. Hence Japan's anxiety to come to an agreement with the Chungking regime. That Chungking, in order to become an instrument of Japan, would have to transform itself into a puppet government, is an aspect of the question which we shall not go into here.

***

Outbreak of war in Europe, following hard on the heels of the Stalin-Hitler pact, has had profound effects on the Far Eastern situation. Deserted by Germany, Japan proceeded to sign a truce with Soviet Russia to end the fighting on the Outer Mongolia-Manchukuo border. This, it was hoped, would enable Japan to concentrate all her attention on settling the China war.

Stalinist Russia, having attached itself to the Nazi war machine and having to take account of the possibility of being drawn actively into the European conflict, had equally cogent reasons for ending the border fighting with Japan and thus ensuring a peaceful Far Eastern front. But that is not all. By the pact with Hitler, Russia has placed herself in opposition to the European "democracies," Britain and France—and, in a more remote sense, to the United States. All three of these powers occupy important positions in the Far East.

If the war in Europe continues for a lengthy period, as it shows every sign of doing, it will be impossible for Stalinist Russia to preserve the neutrality which it has proclaimed. The Kremlin has already fortified itself against Nazi Germany (insofar as that is possible) by the non-aggression pact with Hitler and by seizing virtual control of all the Baltic states with the exception of Finland. What is more natural, then, that Stalin should now endeavor to set up a firm position against Britain (and France) in the Far East? Then he will be able to choose his allies when the time comes.

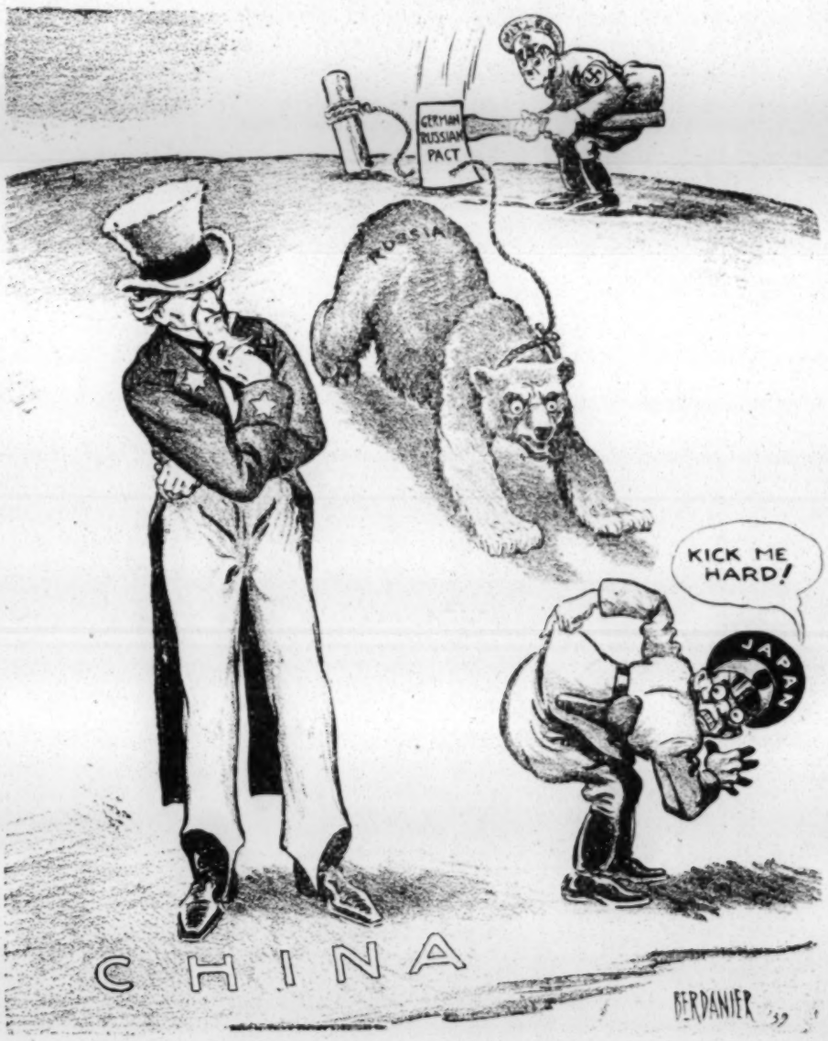
It requires little imagination to see that Britain and France must also be animated by a desire to establish a firm Far Eastern front as a foil to Soviet Russia, which is already Hitler's near-ally. More than that, the two "democracies," heavily involved in Europe, cannot pay the requisite attention to their interests in the Far East. Hence a definitive settlement in the Far East must seem desirable, so that all energies can be released for the struggle in Europe.

But neither Russia nor Britain and France will be able to stabilize their positions out here and to free themselves from anxiety as long as the China-Japan war continues. Both therefore wish to bring the hostilities to an end. Britain and France naturally desire a peace in which they will have a leading hand, for only thus can China and Japan be drawn into their orbit as regards the European conflict. This, however, can hardly be a pleasing prospect for the Kremlin. The recent action of the latter in demonstratively withdrawing Soviet consular staffs from Japanese-occupied China is possibly a warning to Japan to keep clear of the Anglo-French power orbit.

The difficulties in bringing about peace between China and Japan are fairly obvious. Japan's inordinate ambitions can hardly be squared with China's expressed determination not to accept any impairment of her sovereign independence. Japan is already in occupation of a large and important section of China. She might possibly agree to disgorge some of her ill-gotten gains and an agreement on some such basis is not inconceivable if sufficient diplomatic pressure is brought to bear at Chungking and Tokyo.

Even then it will be far from simple to arrange peace. The United States is firmly set against *any* arrange-

Is He Really Inviting a Kick?



ment which would abridge the provisions of the Nine-Power Treaty, and has made its views known in no uncertain terms on more than one occasion. Britain, which perhaps will need America as an ally in Europe in the not distant future cannot afford to offend Uncle Sam by conniving at a Sino-Japanese agreement which would impair the position of the United States in the Far East. The dispatch of a powerful fleet to Hawaii may be construed not only as a warning to Japan, but also as a pointed hint to Britain that America intends to defend her position in the western Pacific.

⁂

Here, then, we have a three-cornered diplomatic tussle. While it would be vain to attempt a precise prediction of the outcome, it is worthwhile to record some of the current developments which have a bearing on the situation. While throwing out peace feelers in the direction of Chungking, Japan has still not entirely abandoned hope of disrupting Chiang Kai-shek's government from within, for peace will be that much easier if a split can be engineered. Thus Gen. Toshizo Nishio, commander-in-chief of the Japanese Expeditionary Forces to China, addressing a three-day "political and military" conference of key Japanese officers from various parts of China in Nanking on Oct. 14, specified detailed policies for the execution of his program for ending the China conflict, *Domei* reported. These policies, he said, would comprise military measures, in the form of garrisoning occupied areas and the carrying on of further strategical operations, and "political operations designed to bring about the early collapse of the regime of Gen. Chiang Kai-shek by the extension of wholesale support to the projected Chinese central regime."

Perhaps one of the most significant of recent developments was Gen. Chiang Kai-shek's assumption of the chairmanship of the Szechwan provincial government. Is it not just possible that the Generalissimo, fearing that his government may be disrupted by the current peace maneuvers, is creating a firm base for himself against just such an eventuality? Of all the members of the government, Gen. Chiang is the one who has been the most firm and uncompromising in his opposition to Japan. For him, peace on almost any terms that Japan might propose is impossible. If the government were to choose such a peace in preference to continued warfare, the Generalissimo would be faced with the choice of either continuing the struggle against Japan with his reorganized forces or retiring from the political scene and possibly going abroad as an exile. There is reason to believe that he would choose the first course.

It is not at all unlikely that the intrigues of the Japanese and their puppets, plus the diplomatic pressure of the British and the Russians, may create a situation in which Chungking would see no alternative but to make peace with Japan. Dr. Wang Chung-hui's appeal for mediation in the conflict by the United States may be taken as an indication that the diplomatic pressure is already strong. If peace there must be, Chungking rightly calculates that it will be a better peace if it is "mediated" by Uncle Sam rather than by Chamberlain or Stalin.

Stalin's hand in Sino-Japanese affairs has not yet been fully revealed. But Britain's doings are patently clear. For some time past the British Government, obviously preparing its own mediatory role out here, has been busy placating Dai Nippon and laying a foundation for important diplomatic moves. Although the Anglo-Japanese negotiations in Tokyo were suspended, they have been proceeding elsewhere. There have been secret Anglo-Japanese parleys at Amoy regarding the status of the Kulangsu International Settlement and these are expected to produce an agreement shortly. In Shanghai, the British secretary of the Shanghai Municipal Council is conducting secret talks with the puppet Mayor Fu Siao-en regarding the Outside Roads. And on Oct. 13, the British-controlled Shanghai Municipal Police acquiesced in the illegal seizure of the Bank of Communications building by plainclothes hoodlums belonging to the local Japanese gendarmerie. The bank building is located on The Bund in the International Settlement, a section of the city where the S.M.P. has sole policing rights.

In the negotiations at Kulangsu and at Shanghai the rights and interests of nationals others than Britons are involved. Why, then, are the negotiations being conducted secretly, in the dark, by just one of the interested parties? But this is not all. Much more flagrant was the action of the authorities of the British Concession in Tientsin in permitting Japanese gendarmes to raid and ransack the offices of two American concerns —United Press and the American Radio Service (Bentleys) —in the course of concession-wide raids in which more than 100 Chinese were arrested. There is nothing on record to show that the British did other than acquiesce in this flagrant violation of American rights. Certainly, as far as is known, they have not attempted to call the Japanese to account for their illegal action.

What may be construed as another, if minor, move in the British policy of appeasing Japan at the expense of all and sundry was the recent appointment of H. Vere Redman, well-known propagandist for the Tokyo Foreign Office, as assistant chief of the Far Eastern branch of the British Ministry of Information, with his headquarters in Tokyo. Redman, who arrived in the Japanese capital from London on Oct. 12, came to China about a year ago with a large party of propagandists whose expenses were paid by the Japanese military. He has lived in Japan for about 12 years. After his arrival in Tokyo last week, *Domei* reported him as denying that the British Government intended to distribute Yen 10,000,000 in the Far East for propaganda purposes.

⁂

That important developments are looming in the Far East, and that the character of these developments will be influenced to a far-reaching extent by what happens in Europe, seems quite certain. Those who are going to be affected, if they would guard against shocks and surprises, would do well to follow events closely, blinders off, and to remember that the policies of the big Powers, without exception, are dictated by material and not idealistic considerations, except to the extent that the latter may usefully supplement the former.

Vast Increase in Japanese Bank Note Issues

According to the *Asahi Shimbun*, leading Tokyo newspaper, the note issues of the Bank of Japan, at the end of the present year, probably will reach Yen 3,500,000,000. The note issue at the end of December, 1938 was Yen 2,853,000,000 and at the end of 1937—at the beginning of the invasion of China—it stood at Yen 2,399,000,000.

An article by John Ahlers, published in last week's issue of *The China Weekly Review*, dealing with the crisis in Japanese economy, attributed the recent sensational price increases in Japan to the great increase in note circulation of the Bank of Japan. Mr. Ahlers stated that Japan's note coverage—even admitting that the treasury still possesses Yen 501,000,000 gold—is less than half the coverage of the Chinese national dollar at present rates of exchange.

Toyotaro Yuki, Governor of the Bank of Japan, deprecated reports that Japan was likely to experience a war boom similar to that of the World War. He said there might be some expansion of Japan's overseas markets, but this would be offset by the enormous demand for munitions and war materials in Japan.

Japan's funded debt, expanded to enormous proportions by the war situation, totaled Yen 18,445,452,000 at the end of June. Prior to the outbreak of the war, Japanese financiers and economists regarded Yen 10,000,000,000 as the utmost limit of Japan's bonded indebtedness.

Far East Figures in Congressional Debates on American Neutrality

DISPATCHES from American organizations in Shanghai addressed to leaders in Congress and the State Department urging consideration of problems affecting American business and interests in the Far East in connection with the proposed Neutrality Law, figured prominently in Congressional debates this week.

Telegrams sent by American organizations in Shanghai, Tientsin and elsewhere urged that amendments be attached to proposed Neutrality legislation exempting the Pacific from restrictions that would be likely to damage American business and shipping. Members of Congress also were urged not to approve legislation designed to cope with the European war situation, which might have a detrimental effect on Chinese resistance to Japanese aggression.

According to *United Press* reports from Washington on Tuesday of this week, the Sino-Japanese aspects of the Neutrality legislation now before the Senate received consideration. Senator Guy Gillette, Iowa Democrat, said enactment of the "cash and carry" provisions in the Administration's bill would be a direct blow to China. He declared that the United States is vitally concerned with the Orient and Congress should therefore consider the possible effects the legislation would have in this part of the world. Statements by Dr. H. H. Kung, President of the Executive Yuan, in an interview with John R. Morris, *United Press* correspondent, also attracted attention in connection with the Neutrality debates.

Senator Warren Austin of Vermont said that the United States must consider the Sino-Japanese situation as well as the European situation. He expressed the opinion, however, that sufficient "loop-holes" were available in the proposed law to prevent discrimination against China. Senator Sherman Minton, Democrat of Indiana, said that the government's concentration on preventing possible involvement in the European War probably would prevent the United States from aiding China at present. He thought the Sino-Japanese situation "could be attended to when the European situation had crystalized or the war crisis had passed.

According to the *United Press* correspondent most Senators "accepted the thesis that a Japanese victory over China might eventually endanger the United States. They felt, however, that danger for the United States—from Japan—was much more distant than that of a possible victory by Chancellor Adolf Hitler in Europe. One Senator, who declined to comment publicly, said, "From a long range point of view, China is fighting America's battle, but she seems to be doing very well. . . . . All that we can do at present is to maintain our present attitude of refusing to be driven from the Orient . . . Time and China will do the rest . . Our main objective is not to become involved in Europe so we can be strong enough to prevent Japan from expanding more . . . American neutrality is a guarantee that neither Japan nor Germany, by a single victory, will be able to dominate the world."

Aside from the debates in Congress wide interest was aroused in a statement by Col. Charles A. Lindbergh, famous aviator and peace advocate, squarely opposing the repeal of the arms embargo. Col. Lindbergh's declaration, broadcast throughout the country, predicted that the repeal of the legislation would plunge the United States into the war raging in Europe.

"If we repeal the arms embargo with the idea of assisting one of the warring sides to overcome the other then why mislead ourselves by talk of neutrality," he said. "Those who advance this argument should admit openly that repeal is a step toward war. The next step would be the extension of credits and the next would be the sending of American troops."

The repeal of the embargo would not assist the cause of Democracy "because I do not believe this war is for the Democracies. This war is over the balance of power in Europe—a war brought about by the desire for strength on the part of Germany and fear of that strength on the part of England and France."

The more munitions the armies obtain the longer the war will continue and the more devastated Europe will become, he said.

There would have been peace in Europe after the last war if the Democracies in Europe had been willing to make some sacrifice to help Democracy in Europe when it was fighting for its life. If England and France had offered a hand to the struggling republic in Germany there would not have been a war today, he emphasized.

Col. Lindbergh's espousal of the anti-repeal cause surprised many who believed that he would endorse the Administration's program.

Lindbergh's father, who was a Socialist Congressman, refused to vote for a declaration of war on the part of the United States in the previous European struggle. Charles Lindbergh, then a youth attending a socialist Sunday School, had pacifist principles so firmly implanted in his mentality that the lessons he learned from his father prevail today.

Same Old Story

Washington, D. C. Star

FREEDOM OF THE SEAS

The drive to preserve freedom of the seas for American shipping—outside of the European war zone—which was strongly urged in telegrams to Congressional leaders by American organizations in China, received serious attention in the debates on the Neutrality Law on October 13. Senator Joseph Bailey, chairman of the Senate Commerce Committee, urged the Senate to permit American commerce with belligerent areas which are "separated from the mother country." He urged that American vessels be permitted to carry goods to any port considered safe from war

risk. Such an exemption, if approved, would permit American ships to carry on trade with British and French ports and colonies in the Far East as well as Australia and New Zealand. It was thought that the Administration would approve of such exemption.

Senator Robert La Follette, Progressive from Wisconsin and an outstanding isolationist, proposed that the United States turn its back entirely on Europe and devote itself to cooperation in economic and military problems with New World Powers, to build up the greatest economy the world has ever known. Senator Key Pittman, chairman of the Senate Foreign Relations Committee and leader of the Administration's drive to change the Neutrality Law to permit sales of arms and war materials on a "cash and carry" basis, said he would not agree to amending the proposed law unless

1. There would be little danger of losing the lives of American seamen.
2. Goods would be shipped only under a munitions control board which would not issue permits for the shipment of articles and materials included in President Roosevelt's arms embargo proclamation.
3. The President would suspend such exception wherever transportation under the revision would result in the destruction of American vessels and the loss of lives by the initiation of provisions regarding danger areas.

TAFT FAVORS REVISION

Senator Robert A. Taft, possible Republican candidate for President, announced his support for President Roosevelt's proposal to alter the Neutrality Law. He said, "we have a greater moral obligation to remove the discrimination against Britain and France . . than any moral obligation to Hitler to maintain it simply because it happened to be in effect at the beginning of the European War, which Hitler started."

According to a dispatch by Lyle C. Wilson, *United Press* staff correspondent in Washington (Oct. 16) it was expected that an amendment to the Administration's Neutrality bill would be drafted this week. It was thought that the amendment would give the President discretionary power to exempt areas remote from the European war zone from the Neutrality bill's shipping ban. The President would, however, be compelled to withdraw the exemption whenever American ships were endangered. Pacific Coast senators who had favored an isolationist policy were expected to support the proposal for exempting American shipping from wartime restrictions outside war zones.

INTEREST IN DEFENSE GROWS

While the United States seems determined to avoid involvement in the war, public sentiment, on the other hand, has supported the President's program for developing the country's armament and defense forces, on land and sea.

According to a Washington dispatch on Oct. 13, the War Department was rushing its plans for strengthening aerial defenses at Hawaii, Panama Canal and Puerto Rico. Heavy plane reinforcements will be sent to these points as soon as they are available under the U. S. $300,000,000 appropriation passed by the last session of Congress. Some 200 pursuit planes, bombers, amphibians and transport planes will be sent to Hawaii immediately, according to the report.

Ta Tao Celebrates Anniversary; 100 Geishas Serve "Bento" Lunch

Mayor Fu Siao-en of the local Ta Tao, or Chinese Municipal Administration, celebrated on Monday, Oct. 16, the first anniversary of his assumption of office. The ceremony was held at the central administration building at the Civic Center, which was built up by China's last regular or "orthodox" mayor, Wu Te-chen, who was forced to evacuate following the Japanese occupation in 1937. The central administration building, a fine example of Chinese architecture, was badly damaged by the Japanese bombardment, but has since been repaired. Most of the other buildings at the "center" are also under repair, but much of the space is occupied by Japanese army barracks, low, one-story buildings, carefully camouflaged against possible Chinese air-raids. Another, and even more extensive barracks, equipped to accommodate some 60,000 troops, has recently been built—on land owned by an American about a mile north of the Civic Center, adjacent to the Sikingjao golf club.

"Bento" Comes to Shanghai

The above is a reproduction of the cover of a box-lunch, resembling the familiar Japanese "bento" which was served to the guests at Mayor Fu's anniversary celebration. The lunch, which included Japanese beer, was served by 100 Japanese geishas.

While Mayor Fu Sian-en was master of ceremonies, Japanese military influence and inspiration were observable in striking manner, the most astonishing Nipponese flavor—at a supposedly Chinese function—being provided by 100 Japanese geisha entertainers in native costume and geta, who served the guests at long tables arranged on the main floor of the administration building. Each guest was provided with a "box-lunch" arranged in Japanese "bento" style, familiar to travelers on Japanese railways.

It was said that 4,000 invitations had been issued but of the 400 or 500 who attended, about half were Japanese, including army and navy officers, some of whom sat on the platform with Mayor Fu. The guests sat in the center of the auditorium with the space on each side occupied by Ta Tao police and other employes of the municipality. At one side was a group of about 50 poorly dressed Chinese school children who apologetically waved Japanese flags. They were said to be children of laborers employed by the municipality or by the Japanese army camps in the vicinity. The entire building and compound were decorated with the old Chinese five-barred flags which were discarded a decade ago when the Nationalist Government came into power. Each foreign guest was provided, along with his invitation, with a design resembling a target made up of the national colors, which was pasted on the windshields of motor cars and thus served as a pass through the cordons of Japanese soldiers stationed on the Garden Bridge and at various points along the 10-mile road—Matsui Boulevard—leading from Hongkew to the Civic Center.

Aside from Mayor Fu Siao-en, there were several Chinese officials from the Nanking puppet administration present, including Liang Hung-chih, head of the executive yuan; Wen Tsung-yao, head of the legislative yuan; Hsia Chi-feng, Minister of Foreign Affairs. But the Chinese were outnumbered by Japanese, among those present being Vice-Admiral N. Nomura, chief resident naval officer; Vice-Admiral S. Tsuda, director of the Asia Development Board; Mayor-General J. Harada, High Adviser to the Nanking puppet government, and Y. Miura, Japanese Consul-General. All

Chinese speeches were translated into Japanese, the only English words heard being a few sentences uttered in a low tone by the Mayor at the conclusion of the speeches. The program included a review of Ta Tao police, only a few of whom carried rifles. One company, said to be cadets, wore uniforms resembling those of the Japanese Army. Several of the police officers were Japanese wearing Japanese uniforms. Following the police review there was a stage performance by six Chinese actresses wearing abbreviated skirts or pantaloons. Three Japanese buses standing directly in front of the administration building were used to transport the gaily dressed geishas who served the warm Japanese (Asahi) beer to the guests.

For the first time since the Japanese occupation of the Shanghai district, there was a considerable attendance of local foreign municipal officials, including C. S. Franklin, the Chairman of the S.M.C. Mr. Godfrey Phillips, the Secretary of the Council, Major K. M. Bourne, Commissioner of Police, Dr. Jordan, Commissioner of Public Health, Sir Robert Calder-Marshall, the Commandant of the local French forces and two of his officers. The Italian Consul-General, the German Consul-general and the Japanese Consul-General in Shanghai, M. Jean Brediam, Directeur General des Services Municipaux representing the French Consul-General, M. Baudez, and many others.

Other Chinese in the receiving line included T. C. Cheyne, special commissioner of foreign affairs of the Ta Tao administration and Soo Hsi-wen, former Mayor whom the Japanese army "demoted" to secretary-general when Fu Siao-en was brought here from Dairen and made Mayor. All Chinese officials wore morning coats and each guest was provided with a badge and a red silk rosette with buds. In Mayor Fu's address he said that he had done his best to preserve peace and order and wished he could have done more in the service of community.

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On the afternoon of Monday, Oct. 16, following the ceremony at the Civic Center, a Japanese-staged procession of some 20 trucks belonging to the Tao Ta administration, each decorated with five-barred flags and carrying streamers with inscriptions congratulating the Ta Tao administration on the anniversary, attempted to cross the Szechuen Road bridge and pass through the International Settlement. The police, reinforced by a detachment of British Seaforth Highlanders, stopped the procession and forced the trucks to return to Hongkew.

Shanghai's Open Door is Vital to American Trade

BY JOHN AHLERS

AMERICAN trans-Pacific trade and navigation are facing today, in connection with the continuous war in China and as a result of the outbreak of war in Europe, many new difficulties. These difficulties are likely to increase in the future. From Singapore in the south to Kamchatka in the north, U.S. commerce and shipping recently have been, or in the near future will be, made subject to manifold new curtailments, restrictions and controls. For many decades past, American business has not been refused free access to the Far East to such an extent as at the present time.

The severe economic crisis which is shaking Japan obviously fails to make the Nipponese military listen to reason. Instead of discontinuing their China adventure which brought about this crisis, they are making new efforts to concentrate what remains of their country's economic strength upon the continuation of the China war. Japan's purchasing and selling power, abroad as well as at home, is constantly decreasing, and her military rulers continue to cut down Japan's foreign trade to their own immediate requirements. Nipponese imports from the United States more and more become restricted to direct or indirect war supplies only.

The expiration of the Nippon-American treaty of commerce and navigation of 1911, denounced by the U.S. State Department on July 26, 1939, will take place in only three months from Thursday, October 26. There are little or no prospects for a prolongation of that period, and still less prospects for a new treaty between Tokyo and Washington. General N. Abe, Japan's Prime Minister, this week was quoted by the *Domei* agency as having declared on October 16 that he thought a provisional agreement may be concluded. No negotiations however, have yet begun or are being prepared, and there is no indication either that Japan is willing to revise her policy of anti-American business discrimination in her new conquests in China, although such revision appears to be a condition *sine qua non* for any new commercial treaty between the United States and Dai Nippon.

Indications are that, on the contrary, Japan is about to make further vigorous efforts to close completely the "Open Door" in China. For weeks, the Japanese and their puppet regimes have been negotiating and preparing the so-called "unification" of their anti-western regime of arbitrary trade and exchange controls all over the occupied areas. The economic blockade of Tientsin has been strengthened again since the recent floods in North China subsided. The Nipponese now also are blockading economically the western business interests in Shanghai. Of late weeks, many raw materials and foodstuffs from the interior of Central China, which during the first two years of the Sino-Japanese war continued to be forwarded to the western-administered parts of Shanghai, have been withheld by the Japanese for their own benefit. Such goods at present include not only silk cocoons, raw cotton and wood-oil, but also rice, eggs, bristles, etc. A deliberate attempt is being made to starve to death Shanghai's export industries in which American capital is heavily invested, and of which the United States forms the most important single client.

The Japanese naval blockade of the China coast is being ever extended. The port of Kuaotow, near the Chekiang-Fukien border, recently has been made subject to the blockade. Foreign shipping has been ordered by the Nipponese to keep away from that port. Farther south, the Japanese have intensified their air-bombing terror against the minor ports which continue in Chinese hands, and more and more succeed in isolating Hongkong from economic intercourse with those ports. What remains of Hongkong's direct South China trade, today is chiefly concentrated upon Portuguese Macao and French Kwangchowwan. The recent Japanese occupation of Shekki, in the Pearl River delta area, is cutting off Macao and the adjacent Chinese port of Lappa from their hinterland, leaving to Hongkong only the route via Kwangchowwan into Free China. A Japanese landing in the vicinity of this French Leased Territory is pending.

The British and French colonies bordering the South China Sea face American business, as a result of the outbreak of war in Europe, with new trade and exchange controls. Americans no longer are able to freely remit money to and from those colonies, and they no longer can freely acquire there the various raw materials for the supply of which U.S. industry chiefly relies upon those colonies. This is the case, in particular, as regards rubber and tin. The two great ports of Singapore and Hongkong, as far as American business is concerned, actually have lost their true character as free ports, just as Dairen lost that character more than two years ago.

In Hongkong, the United States is the most important trade partner besides China, and in the commerce of Singapore the United States holds an absolutely dominating position. The raw material markets in Singapore, as elsewhere in the British Empire, since the outbreak of the European War have been made subject to strict price control. Rubber, tin and other prices in Singapore are artificially being prevented from surpassing certain levels which London's economic war policy considers desirable from the point of view of British war consumption. Prices for the same commodities in the United States for weeks have been substantially higher. The problem

which as yet remains to be answered is whether the United States will be permitted to purchase in Singapore under the lower control prices, or whether higher prices in relation with the U.S. price level will be exacted from American business.

On the whole Pacific coast of the Far Eastern mainland there is but one large port left where foreign goods may freely enter, export goods may freely leave, transit trade may be freely transacted and where, at the same time, there still exists an open exchange market not subject to the chicaneries of any exchange control. That port is Shanghai. It is all too obvious that the United States has a vital interest in assisting to maintain open at least this port, where already huge American interests are at stake, and which in all probability will become much more important for American Far Eastern trade and other business. The bulk of the American China trade is concentrated in Shanghai, and equally Shanghai is the center of U.S. business investments in China. No other country has a larger share in Shanghai's foreign trade than has the United States. And Americans prominently share in the administration of Shanghai's International Settlement, where the Municipal Council is presided over by an American citizen.

The Japanese in Japan, the Chinese in China, the British and French in their colonies certainly are entitled to take all the economic measures they choose to take there. As far as American business interests are hit by such measures, the only path open for seeking redress is the way of negotiation. In Shanghai, however, the Japanese certainly are not authorized to do as they please, to start an economic blockade of the city, cutting it off from its hinterland, and to encroach upon the well-established western interests whose freedom and liberty of activities are guaranteed by international treaties. In Shanghai, no power is entitled to close the "Open Door." Every power making attempts to do so not only is deeply hurting the United States' economic interests in the Far East, but is definitely trespassing on American rights and privileges. With the European war on, and Shanghai's importance as a still comparatively free trading center in the Far East considerably increased since the British and French colonial ports have come under economic war-time controls, every Japanese action against Shanghai today is more detrimental to American interests than it was in the past. Therefore, American interests in Shanghai must be maintained.

In view of the special importance of Shanghai to American interests, local American shipping circles were fully justified in making representations to Washington in connection with the current revision of U.S. neutrality legislation. Great care must be taken to prevent technicalities of the coming new U.S. Neutrality Law working against American business interests in Shanghai, and thus indirectly in favor of the Japanese. If neutrality legislation in the U.S.A. should be fully invoked as regards the whole of the British Empire and the French possessions, and if consequently American shipping to Hongkong, Saigon and Singapore should be reduced or discontinued, Shanghai would remain the only important point on the Far Eastern mainland to support American Oriental shipping. In Shanghai, if the Japanese will be taught to keep their hands from the still western-administered parts of the city, American shipping will enjoy the special facility of operating, due to extra-territoriality, under American law.

American trans-Pacific shipping, of late months, has been about to stage a powerful come-back. The reorganization of the Dollar Line into the American President Lines, the inauguration of the new Puget Sound Orient Mail Line, and the large-scale shipbuilding under the auspices of the U.S. Maritime Commission all form important elements in this come-back. The first of the new modern freighters which the U.S. Maritime Commission is constructing at the rate of 52 per year, or one per week, were launched a few months ago and at present are being completed. In a very short time, they will make their first appearance on the seas, and it is no secret that these ships are calcuiated primarily to increase American shipping in the Pacific waters. Besides, the invocation of revised neutrality legislation as regards the European belligerents, and in particular the "cash and carry" principle, are likely to set free a substantial tonnage of American bottoms which also will invade the Pacific Ocean in search of substitute business.

In these circumstances, also from the point of view of American shipping it would appear as if the United States could ill afford the loss of free access to a foothold in Shanghai, which would result if the Japanese were allowed to overpower the city completely.

New P. I. High Commissioner Silent on Independence Issue

THOSE who may have expected Mr. Francis B. Sayre, new United States High Commissioner to the Philippines, to air his views on the growingly vital question of Filipino independence when he passed through Shanghai last week-end on his way to his new post, met with the inevitable disappointment. As an experienced diplomat, Mr. Sayre declined to tell newspaper interviewers anything on the subject, although he did admit that the issue of independence for the islands, due in 1946 if the present independence law is allowed to stand, will be among the problems which he will study when he is settled in his new post.

Mr. Sayre, formerly assistant Secretary of State and for long looked upon as Secretary Hull's right-hand man in the State Department in Washington, spent one day in Shanghai last Sunday, arriving here on the s.s. President Cleveland, en route to Manila. He was greeted on arrival by Admiral Charles Thomas Hart, Commander-in-Chief of the U. S. Asiatic Fleet, and Mr. Clarence E. Gauss, U. S. Consul-General. After a day of sight-seeing, he and Mrs. Sayre were entertained at a reception given at the Columbia Country Club by Consul-General Gauss.

Another transient visitor to Shanghai this week was Mr. Sergio Osmena, Vice-President of the Philippine Commonwealth, who was returning to Manila from the United States where he recently conducted tariff negotiations. He warmly praised the new High Commissioner, who, he said, had been very helpful in the tariff negotiations. Mr. Sayre, he added, was assured of a great welcome from the people of the Philippines.

On the subject of independence, Mr. Osmena was not as reticent as the new High Commissioner. Interviewed by the *Shanghai Evening Post*, he declared: "I consider the political aspects of the Philippine problem definitely settled by the law which was passed by the United States Congress, so that I am sure there will be no other developments except the formation of a full Philippine Government to take over on July 4, 1946."

The magazine *Current History* recently had the following to say about the new Philippine High Commissioner (who, incidentally, is a son-in-law of the late President Wilson): "Resident Commissioners and Special Missions from the Philippine Islands have long known Mr. Sayre as an interested and helpful friend. His part in writing the Philippine Independence Law of 1934 (the Tydings-McDuffie Act) is believed to be large. He takes with him to Manila a new bill, amending the Tydings-McDuffie Law, which Congress passed just before adjournment. It replaces increasing export taxes which were scheduled to become effective in 1940 on such Philippine products as coconut oil, cigars, and pearl and shell buttons by liberal, though decreasing duty-free quotas. It is thoroughly in line with the recommendations of the Joint Committee, but is only a hesitant first step toward the solution of Philippine-American relations. Though it leaves untouched the important sugar problem, in the industries concerned it will help to cushion the shock of severing economic ties between the Islands and the United States. Furthermore, since it requires action by the Philippine Legislature before it becomes effective, its reception in Manila will serve as a guide for future legislation in Washington.

"Mr. Sayre is open-minded in his attitude towards Philippine independence. While his predecessor, Mr. McNutt, was frank to say that the Islands should be retained, at least as a dominion, the new High Commissioner told the press a few days after his appointment that the future of the Philippines was entirely up to their government. This, of course, is not to be taken too literally. Our government will retain the last say, and world conditions may have as much to do with the outcome as any desire on the part of the Filipino people. . . ."

Department of Commerce statistics published in Washington Oct. 14 revealed that the Philippines were the fifth largest customer of the United States from January to August of this year. American

exports to the Islands during that period totalled U.S.$60,743,000, a figure only exceeded by exports to the United Kingdom, Canada, Japan and France. Imports to the United States from the Philippines over the period were U.S.$66,309,000 exceeded only by imports from Canada, the United Kingdom, British Malaya, Japan and Cuba.

President Manuel L. Quezon announced on Oct. 15 the impending establishment of a Philippine Department of Defense. Senor Quezon, however, did not connect the establishment of the new department with the independence question. Speaking at Dagupan, he said the new department was being created "to cope with the situation arising from the outbreak of the European war."

War Begins in Earnest Following Chamberlain's Rejection of Hitler's Peace Offer

AS was to have been expected, the British Government flatly rejected Chancellor Hitler's peace proposals and the European war is now on in real earnest. The rejection was announced by Prime Minister Chamberlain in a statement before the House of Commons on Oct. 12. Hitler's proposals, he said, amounted to a demand for recognition of his conquests and of his right to do as he pleases with the conquered. "It would be impossible for Britain to accept such proposals without forfeiting her honor and abandoning the claim that international disputes should be settled by discussion and not by force." Therefore Britain would continue to fight until victory is achieved or concrete German guarantees are given, the Premier declared.

Enlarging on the subject of "concrete guarantees," Mr. Chamberlain told the House that even should the Reich agree to fulfill the preliminary condition to peace talks by righting the wrongs done to Poland and Czechoslovakia, the word of the present German government would not be a sufficient guarantee for the future. Should Germany fail to give the appropriate guarantees, "we will pursue our duty to the end," he declared.

It will be noted that the British Premier failed to indicate "concretely" what he meant by "appropriate" and "concrete" guarantees, but it is not difficult to guess what was meant. Guarantees are wanted that Nazi Germany will not endeavor to satisfy her territorial ambitions at the expense of British and France. In this respect, Britain has never felt secure, and the present war is intended to remove this source of insecurity. It would have been different had Hitler gone through with his earlier plan to satisfy Germany's need for "vital space" at the expense of Soviet Russia. Britain and France would then quite likely have joined the German Fuehrer in tearing apart the juicy Russian pie.

"Himmel! Is That Me?"

New York Times

At all events, Chamberlain's speech has closed the door to peace and the sanguinary war "for democracy" is getting into its stride at last. Men are dying on land, on the sea and in the air. Struck by a German torpedo, the 29,150-ton British battleship, H.M.S. Royal Oak, plunged to the bottom of the Atlantic last week and nearly 1,000 men went with her to a watery grave. Merchant ships are being sunk almost daily with loss of life. Vast armies are being hurled into combat on the Western Front. And this is still only the beginning. Can anyone really think that lofty ideals are being served by this crazy holocaust?

Britain is trying to keep a door open for future deals with Soviet Russia. Evidence of this was the

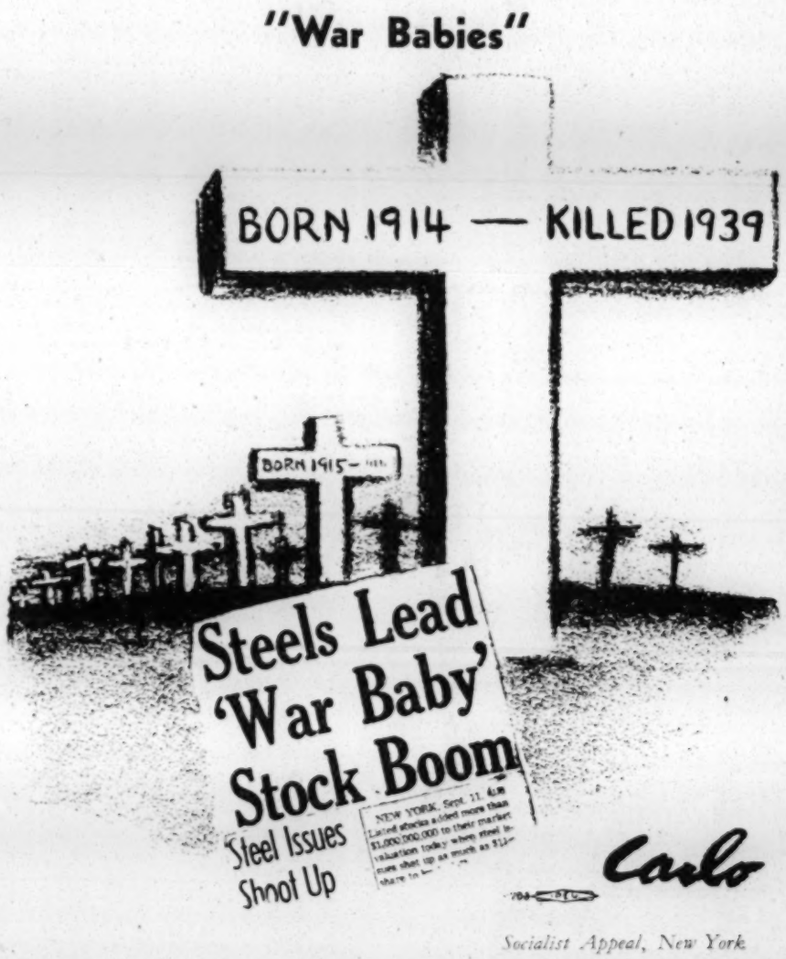
signature last week of a trade agreement between London and Moscow. The British attempt to present the matter as "purely commercial" is not at all convincing. Despite his pact with Hitler, Dictator Stalin is not at all happy over the prospect of having to fight in partnership with Nazi Germany. He would prefer not to fight at all, for war means the arming of more millions, and the armed masses of Russia might decide to settle scores—with the "beloved leader" and his despotic regime. But Stalin realizes, too, that neutrality is a chimera, so he leaves the door to the "democracies" slightly open. Here the ideas of Moscow and London coincide. London knows full well that Stalin, when the time for a choice comes, will not want to come down on the losing side in the war. Chamberlain aims to use the Stalin government and then thrown it away like a squeezed lemon.

Lithuania was finally drawn into the Soviet orbit last week with the signature of a "mutual assistance" pact which grants Moscow the right to station troops and air force units in Lithuania. As a sop to Lithuanian feelings, Stalin has turned over to Lithuania the town and district of Vilna, grabbed from Lithuania by Poland in 1920 and grabbed from Poland by Stalinist Russia in 1939. Britain has informed Lithuania that it will not recognize the legality of the transfer.

Finland's fate is still uncertain at this writing. Recipient of far-reaching Soviet demands which would reduce the country to the same state of vassalage in which Esthonia, Latvia and Lithuania now find themselves, the Finns show signs of an intention to fight for their independence. To help them in the "negotiations" at Moscow, they appealed to the United States Government and it was reported from Washington on Oct. 12 that President Roosevelt had made a personal appeal to President Kalinin in Moscow in which he asked the Soviet Government to do nothing which would impair Finland's independence. The appeal, as far as is known, brought no response. "Gallant little Finland," the only country which pays its war debt to the United States, seems destined to be crushed by the Russian steamroller—sooner, if she capitulates, a little later if she fights.

Meanwhile it is reported that Turkey has rejected Soviet demands for the partition of Rumania in the interests of the Soviet Union and Bulgaria, for recognition of the German-Soviet partition of Poland, and for the creation of a Balkan neutral bloc under the leadership of Germany and the Soviet Union. Since the outbreak of the European war, Turkey has managed to maintain a neutral position as between Britain and France, on the one hand, and Germany and Soviet Russia on the other, extracting whatever advantages she could from the rival coalitions. But Turkey, too, will have to choose sides sooner or later. The choice will be made when active partisanship becomes less perilous than neutral fence-sitting. And Turkey, inevitably, will choose what looks like the winning side. In the last war she fought with Germany and Austria. The lesson, we may be sure, has not been forgotten.

Here is the latest idealization of Stalin's predatory land-grabbing operations in eastern Europe, taken from his own organ, *Pravda,* for Oct. 11: "Under the conditions of war in Europe, Stalin's policy of peace steadily, undeviatingly and consistently removes from a possible line of fire one after another small states which could not protect with their own forces their inviolability and independence, their security and the peaceful labor of their populations." One must admit that it is almost as good as the old "White Man's Burden" idea. It certainly has the same smell.



Socialist Appeal, New York

Soviet Again Charged With Border Violation

Alleged violations of Manchukuo's eastern border by Soviet aircraft, and a reported attack on a Japanese fishing vessel by a Soviet patrol ship, have brought Soviet-Japanese relations, more or less amicable since the signature of the Nomonhan truce, into the limelight again. The complaint about Soviet aircraft was revealed in a *Domei* dispatch from Hsinking on Oct. 14, which said that the Manchukuo Government had lodged a vigorous protest with the Soviet consulate-general in Harbin against Soviet border violations from the air. The shipping incident was reported from Tokyo three days later. The message said that the Myoko Maru, owned by the Niigata Fisheries, was attacked by a Soviet patrol ship at a point 10 miles off Gamov last Sunday, and that the vessel had not been heard of since.

Mediation Seen in British Envoy's Visit to Chungking

IN spite of the official Chinese denial that the current visit of the British Ambassador, Sir Archibald Clark Kerr, to Chungking is connected with any British mediation plan, Japanese sources continue to exploit the envoy's presence in the wartime capital by indulging in all kinds of speculations.

Japanese reports try to make it appear that not only the British Ambassador is making far-reaching proposals to Chungking as a part of an impending Anglo-Japanese deal in the Far East, but that many Chinese leaders in Chungking are also anxious for third-party mediation. Meanwhile, it is alleged that Chinese communist leaders are suddenly becoming very active and seeking instructions from Moscow regarding their attitude towards the question of Sino-Japanese peace.

Charge Wishful Thinking

Chinese official circles in Chungking dismissed these reports as wishful thinking on the part of the Japanese. They pointed out that all Japanese speculations on peace and alleged British mediation possibly had their inspiration in the recent statement made by Foreign Minister Dr. Wang Chung-hui, suggesting that the United States is in a favorable position to mediate in the Sino-Japanese conflict. But they stressed that whatever interpretation or distoration the Japanese may make of Dr. Wang's statement, Gen. Chiang Kai-shek has repeatedly declared that China is determined to continue resistance and no peace with Japan will be possible until the withdrawal of Japanese troops from China.

Representative of Chinese public opinion in Shanghai concerning the peace rumors was an editorial of the *Chung Mei Jih Pao*, which scoffs at the suggestion that the British envoy is now in Chungking to offer mediation. The rumor, the paper said, is absurd because the Chinese Government is determined to pursue its fixed policy of resistance. As the Japanese also appear resolved to continue the invasion, it is evident that there is no possibility of peace at the present time.

Proposals Said Made

Japanese reports on the activities of Sir Archibald Clark Kerr in Chungking, allege that the British Ambassador has made important proposals for readjustment of Anglo-Chinese relations in view of the radical change in the international situation. The Chinese authorities are stated to have found the British proposals to be much different from what had been anticipated. Consequently, a meeting between the Ambassodor and Gen. Chiang Kai-shek has been postponed.

Sir Archibald is stated to be continuing his conversations with Foreign Minister Wang Chung-hui concerning the possibility of Sino-Japanese peace. *Domei* alleged that prior to Sir Archibald's trip to Chungking, Dr. Wang sent to Shanghai his chief aide, Dr. Wei Tao-min, to contact and accompany the British envoy to the wartime capital.

Quoting unnamed "qualified Chinese and foreign observers" in Chungking, *Domei* claimed that Chinese leaders at Chungking are "vigorously exploring avenues to peace with Japan." Maneuvers designed to usher in third-party mediation are said to be pursued by such figures of the "Western faction" as T. V. Soong and Dr. C. T. Wang. The so-called "Japanese groups" comprising Gens. Ho Ying-ching, Chang Chun and Ho Cheng-chun, Chang Kia-ngau and Hsu Shih-ying, is stated to be also laying plans for another approach to Tokyo. The latter faction, it is further stated, while welcoming mediation by a third power, would not object direct negotiations with Japan in the event mediation is unobtainable.

Domei made one important admission—that all political factions in Chungking are united in opposing the peace movement as advocated by Wang Ching-wei.

The stand of Chinese communists in advocating continued resistance is stated to be unequivocal. Gen. Chu Teh and Chou En-lai are reported to be on their way to Moscow to confer with the authorities of the Third International on recent international developments and the problem of Sino-Japanese peace.

A further Japanese report stated that Sir Archibald Clark Kerr had gone to Chengtu by air to seek an interview wiwth Gen. Chiang Kai-shek.

Sees Soviet Envoy

Of considerable interest is a Chungking dispatch stating that Sir Archibald, besides conferring daily with Dr. Wang Chung-hui, is also conducting conversations with the Soviet Ambassador, Alexander Panaouchkine. The topics of their reported talks have not been divulged, but they are believed of significance.

Denying the allegation made in a German radio broadcast that Great Britain would withdraw her support of the Chinese currency, the British Foreign Office in an official communique reiterated that the British Government's policy towards China remains unchanged. The Stabilization Fund created with the guarantee of the British Government is still in existence, the communique pointed out.

Intimidating that France is bringing pressure on Chungking, the Tokyo *Asahi Shimbun* alleged that the French Government, while strictly suspending the transit of arms to Yunnan from Indo-China, is counselling Gen. Chiang Kai-shek to make peace with Japan. The French move is said to be paralleling a similar one now being made by the British Ambassador in Chungking.

Rice for the Bowls of China

Colonel Theodore Roosevelt, Jr., national chairman of the United Council for Civilian Relief in China and Taullulah Bankhead, senator's daughter and Broadway star who heads the theatrical division of the organization, discuss plans for the 1,000 nationwide "Bowl of Rice" Parties for the aid of Chinese civilian refugees which will take place during the week of October 30.

More Trouble for Wang

Wang Ching-wei's path to puppet glory is strewn with further difficulties, according to reports from Peiping and Chungking. The recent appointment of Wang Keh-min, head of the Peiping regime, as chief of the *Hsin Min Hui*, only "legalized" political party created by the Japanese in North China, is believed to have spiked Wang Ching-wei's plans to extend the influence of his "orthodox" Kuomintang to North China.

The new move by the North China political clique, which has opposed the establishment of a new central regime in Nanking under Wang Ching-wei, is expected to increase the conflict between the two political camps.

Official and public indignation against Wang's pro-Japanese activities continues to mount, recent dispatches from Chungking indicated. In a joint telegram addressed to the National Government, Gen. Yu Hsueh-chung, commander of the 51st Army; Admiral Sheng Hung-lieh, chairman of Shantung, and Gen. Han Teh-chin, chairman of Kiangsu, condemned Wang Ching-wei for his traitorous activities and petitioned the Government to mete out severe punishment to him.

Gen. Lung Yun and Wu Ting-chang, chairman of Yunnan and Kweichow respectively, have issued

a similar message of denunciation of Wang. The two leaders reiterated the determination of the people of Yunnan and Kweichow to support the government's policy of resistance against Japanese invasion.

Popular Condemnation

Condemning Wang and proclaiming their determination to continue the war of resistance and to eliminate all traitors, some 1,400,000 members of the Kuomintang in the Chinese Army, Navy and Air Force have issued a joint circular telegram, pledging support of the stand taken by the Government and military leaders in opposing Wang's "peace" movement.

In an attempt to counteract the nation-wide condemnation of Wang's treasonable activities, Chou Fu-hai, Wang's chief aide and collaborator, who is now visiting in Tokyo, told the Japanese press that Wang's peace movement has gained the "whole-hearted support" of the Peiping and Nanking regimes. Disclaiming reports that Nanking and Peiping would not cooperate with Wang, Chou explained that delay in the formation of the new central government is being caused by deliberations in the selection of members as to bring about a "strong administration." Chou is reticent on the purpose of his presence in Japan, but it is generally believed that he is seeking instructions from Japanese officials concerning the formation of the new puppet regime. A native of Hunan, Chou was educated in Japan, being a graduate of the Kyoto Imperial University.

No Anti-Foreignism

In connection with Chou's visit in Tokyo, it is interesting to note a statement by the Japanese premier, Gen. N. Abe, stressing that the proected Chinese central government should be pro-Japanese but should not be anti-foreign in its policies. He revealed that the Japanese Government is considring the dispatch of Gen. S. Hata, minister of war, to Nanking on the birth of the new China regime, but no definite decision has yet been reached.

Intensifying his propaganda activities, Wang Ching-wei is reported to be planning the establishment of a news agency in Shanghai and a daily paper in Canton. Camouflaged under the name of "Central News Agency," the new Wang organ is being organized by Lin Pai-sheng, vice-minister of publicity of Wang's "Orthodox" Kuomintang.

Advocacy of Sino-Japanese friendship and opposition to communism are reported by the Japanese *Domei* agency as the cardinal policy of Wang's projected newspaper in Canton, the *Chungshan Jih Pao*, which will be under the direction of Mrs. Wang, nee Chen Pi-chun.

Chinese puppets of the Japanese in Canton experienced the first attempt on their lives on Oct. 14, when hand-grenades were thrown at the headquarters of the Canton "Peace Maintenance Committee." Although no puppet officials were hit, the killing of two guards at the headquarters has thoroughly scared the puppet officialdom.

Chen Ming-shu Rumors

Considerable speculation has been aroused by the conflicting reports concerning the activities and where abouts of Gen. Chen Ming-shu, former commander of the famed 19th Route Army and leading figure in the abortive Fukien independence movement in 1933-34. Gen. Chen

Chile's New Envoy

Dr. Juan Marin, new Chilean Charge d'Affaires and Consul-General at Shanghai, has had a varied career. He has been Surgeon-Commander of the Chilean Navy, was a professor in the Medical School of the University of Chile, and is also the author of a number scientific books and novels.

was recently relieved of his post as chairman of the People's Foreign Relations Association, but is said to be still in Chungking, according to a Chinese report, which adds that Sun Fo, president of the Legislative Yuan, has been appointed Gen. Chen's successor. Reports from Japanese sources claim that Gen. Chen has joined Wang Ching-wei's peace movement and secretly come to Shanghai. As a result of his alleged defection, he is said to have been dismissed by the National Government.

On the recommendation of the Minister of the Interior, the Executive Yuan conferred posthumous honors on th late Chu Hsin-kung, editorial writer of the *Ta Mei Wan Pao*, who was assassinated in Shanghai in July last. Similar honors will also be awarded Nieh Hai-fang, principal of the Ta Hai Middle School in Shanghai, who was also a victim of political assassination.

Appeal to Youth

A stirring appeal to the youth of China was made by Gen. Chiang Kai-shek in an address before a large gathering of students representating various universities and cadets of the Central Military Academy in Chengtu. Stressing the importance of mutual help, Gen. Chiang stated that the country's strength lies in its youth and true citizens. "In face of the Japanese aggression," the Generalissimo said, "each student must resolve to do his part in the salvation of his country and in making China independent and free by helping to carry out the Three People's PPrinciples."

Gen. Chiang has sent a telegram to Gen. Pai Chung-hsi, director of the Southwestern Provisional Headquarters of the Generalissimo, thanking him for his able direction of the operations in North Hunan resulting in the recent Chinese victories. Similar messages of commendation have been dispatched to various Chinese commanders who distinguished themselves during the North Hunan battles.

Money from Overseas

Numerous telegrams have been received by Gen. Chiang from overseas Chinese organizations, congratulating him on the sweeping victory of the Chinese forces in North Hunan. More than $3,000,000 have been remitted to China recently by overseas Chinese to finance the campaign of resistance, of which about one-third was remitted by Chinese in the United States.

In connection with Gen. Chiang's assumption of control of Szechwan as chairman of the province, Japanese reports alleged that the Generalissimo is planning an extensive reorganization of the Yunnan, Hupeh, Hunan, Kwangsi and Fukien Provincial Governments in order to expand his influence in southwestern China. As an initial step in the reorganization plan, Gen. Chiang is said to be inducing Gen. Lung Yun to relinquish his chairmanship of Yunnan and to lead the Yunnan troops to fight against the Japanese in North Hunan. Gen. Pai Chung-hsi, the Japanese reports further alleged, is to be the successor of Gen. Lung in Yunnan, in case the latter consents to proceed to the front.

Rumors emanating from Japanese sources that General Pai Chung-hsi or General Chen Cheng will be appointed chairman of the Yunnan Provincial Government in succession to Gen. Lung Yun were officially denied in Chungking. Another rumor that Hsu Shih-ying, former Chinese Ambassador to Japan, will be appointed acting chairman of Szechwan, was also refuted in official Chungking quarters.

Japan's dreams of conquest of China are the stumbling block to peace in the Far East and no peace can be restored until such dreams are abandoned, Dr. H. H. Kung, president of the Executive Yuan, told the *United Press* in an interview at Chungking. Asked whether China would make peace with Japan, Dr. Kung said that it was "not so much a question of China making peace with Japan as of Japan giving up her policy of aggression in China."

The Executive Yuan president asserted that Japan's policy of aggression aims not only at the conquest of China but the subjugation of the United States as well, pointing to the extensive Japanese spy work in America as proof of their ambitions. "As long as the Japanese consider Americans not willing to fight even to defend their vital interests in this part of the world," Dr. Kung said, "the Japanese program for the destruction of these

interests will be pushed forward. An attack on the United States itself would follow when the Japanese position in the Orient would be consolidated."

Feng and Moscow

In a nation-wide radio broadcast speech, Gen. Feng Yu-hsiang, vice-president of the Military Affairs Commission, praised the Chinese forces for their recent victory in North Hunan. In the course of the speech, Gen. Feng, referring to the international situation, made the remark that Soviet Russia is no false friend of China and her assistance to China represents her sincere effort to help China. Therefore, Gen. Feng pointed out, Japan finds it necessary to keep constant vigilance against the Soviet Government. Besides Russia, which is Japan's arch-enemy, Gen. Feng said, Japanese militarists must also keep on guard against the United States whose action in dispatching a fleet and air squadrons to the Pacific has shocked Japan.

Gen. Ho Yao-tsu, the newly-appointed Ambassador to the U.S.S.R., is reported to be leaving for Moscow shortly by air via Sinkiang, where he will make a brief stop and confer with Gen. Sheng Shih-tsai, Border Defence Commissioner of Sinkiang, on Sino-Soviet relations. The chairmanship of Kansu province, which was left vacant as a result of Gen. Ho's new appointment, it is said, will be assumed concurrently by Gen. Chu Shao-liang, commander of the Tenth War Zone.

Appointment Confirmed

Gen. Han Teh-chin, acting chairman of Kiangsu Province, was confirmed in his post by a decision of the Executive Yuan. Gen. Han succeeds Gen. Ku Chu-tung, commander of the Third War Zone.

Chi Shih-wen, a private in the Chinese army, was honored in a mandate of the National Government for heroic conduct in war. Private Chi distinguished himself last month during the fighting at Wangchwang in northern Honan, where, though wounded, he dashed into the enemy lines and killed there Japanese before returning to his post.

K. C. Lee, promient Chinese merchant in New York, has made a personal contribution of U.S.$100,000 to the National Government for the reward of the troops responsible for the recent victories in North Hunan. A native of Hunan, Mr. Lee is the general manager of hte Wah Chang Trading Corporation in New York.

Settlement of Refugees In Philippines Proposed

President Roosevelt's Advisory Commission on Refugees this week considered as favorable a report on the prospect of the settlement of central European refugees, mostly Jews, in the Philippines, according to *United Press*. The report was submitted after experts of the commission had made a tour of the Philippines.

Mr. George L. Warren, secretary of the commission, said the report indicated that there would be opportunities for 10,000 refugees in the Philippines.

British Relief Fund Appeals for Money

Indicating that the fund available for work here had been running low, the British Fund for Relief in China this week issued another appeal for new contributions.

A brief review of its history and its work was given by the organization in a report released here. The report said in part:

Shortly after the outbreak of hostilities in China in 1937, many British men and women felt the necessity of doing something to relieve the great suffering of the many refugees. On August 28, 1937, the Joint Committee of the British Chamber of Commerce and the China Association discussed this question, and despatched a cable to London urging that a fund be opened in London for the relief of the refugees.

In London, the China Association, the British Red Cross and the Conference of British Missionary Societies decided to form a joint committee.

In October, 1937 the Lord Mayor gave his support to the official launching of the appeal for "The Lord Mayer's Fund for the Relief of Distress in China."

Committees Set Up

In London sub-committees for the collecting and despatching of clothes and medical supplies were set up. The various British shipping companies such as the Blue Funnel, Glen Line, Shire Line and the P. & O. have conveyed all consignments of medical supplies and clothes freight free.

After the Fund had been in operation for more than one year, the Mansion House Fund was closed and therefore it can no longer be described as "The Lord Mayor's Fund," though it is constantly referred to as such. The collection of the money, however, continued in the name of "The British Fund for Relief in China." It is encouraging to note that after the recent outbreak of war in Europe, the British Fund announced that it would continue its efforts and recorded that the total money raised was £202,000.

In China, a Central Executive Committee has been functioning under the presidency of H.B.M. Ambassador and H. E. The Governor of Hongkong, both of whom have taken an active interest in this humanitarian work. The Chairman of the Committee has been Sir Herbert Phillips, British consul-general, and the vice-chairman has been Sir Robert Calder-Marshall, chairman of the British Chamber of Commerce.

U. S. to Invest Gold In South America

President Roosevelt announced Oct. 14 that the U. S. Government is considering the utilization of the nation's huge gold supply for direct investments in the Latin American Republics to aid in the reorganization of their banking system, *United Press* reported.

He said the project had been under consideration for three years and had almost reached the stage of negotiations with one unnamed country.

Soviet Spies Said Busy In U. S. Army and Navy

An assertion that Soviet secret agents are at work in the United States Army and Navy was made on Oct. 11 at Washington before the Dies Committee, which is investigating "un-American activities," by General Walter G. Krivitsky, former chief of the Soviet military intelligence service in Western Europe, who broke from the Stalin regime last year and is now living in the United States as an exile on a temporary permit.

Krivitsky was unable to reveal details of Soviet activity in America's fighting services, because his connections with Soviet espionage had been severed, but said, "I have no doubt the machinery is as good as the G.P.U. units in other countries."

The former Soviet spy, whom Stalin's agents tried several times to kill, also revealed that nine leaders of the Communist Party in Germany, Poland and Hungary had been called to Moscow when they fell out of favor and shot although they were not Soviet citizens. Among the men he listed were Bela Kun, leader of the Hungarian Communists, who, he said, was shot in 1937. Germans shot were Hans Heinz, Hans Keipenberger, Karl Remmele and Max Hoelz. All but Remmele were once members of the Reichstag. The "liquidated" Polish Communists were Dumbal, Lenski, Henerykowski and Bronkowski, all members of the Central Committee of the Polish Communist Party, which was dissolved by Moscow fiat last year.

Regarding the killing of Max Hoelz, famous as a Communist leader in Germany before Hitler's rise to power, Krivitsky declared that in order to conceal the manner of his death—shooting by the G.P.U.—Moscow circulated a false report that the victim had accidentally drowned.

French Detain Nippon Liners at Marseilles

Two Orient-Europe liners of the Nippon Yusen Kaisha have been detained at Marseilles by the French authorities, the headquarters of the Japanese shipping firm announced in Tokyo Oct. 14. They are the 10,939-ton Fushimi Maru, and the 10,413-ton Hakozaki Maru. The former sailed from Yokohama for Europe on Aug. 16, the latter on Aug. 27, before the outbreak of the European conflict.

Included in their cargo, company officials said, were fish oil and canned goods destined for Hamburg. These shipments, they admitted, may possibly have been regarded as contraband by the French authorities.

This brought to eight the number of N.Y.K. vessels detained by either the French or the British authorities since the outbreak of the war in Europe, according to shipping firm officials. In every case cargoes consigned to German ports were forcibly unloaded, they stated.

Tokyo Foreign Minister May Resign; Shigemitsu Rumored as Successor

ADMIRAL Kichisaburo Nomura, Japan's Foreign Minister, will shortly resign his post, foreign diplomatic quarters in Tokyo believed this week, according to a *United Press* dispatch from the Japanese capital. The resignation, it was thought, would be a direct outcome of the "revolt" of the permament Foreign Office staff, which was supported by Japanese diplomats and consular representatives abroad, and which was settled on Oct. 13 when a Government "compromise plan" amounting to capitulation to the demands of the recalcitrant officials, was accepted.

It is expected that Mr. Mamoru Shigemitsu, Japanese Ambassador to London and formerly Minister to China, who supported the rebels, will succeed Admiral Nomura at the Foreign Office. His name was freely mentioned as the most likely candidate for Foreign Minister at the time the present Cabinet of Gen. Abe was formed at the end of August, but in view of the crisis in Europe it was considered inadvisable to remove him from the London post.

Protest Divided Diplomacy

The "revolt" of the Foreign Office staff was precipitated by a Cabinet decision to set up a Ministry of Trade to handle diplomatic negotiations relating to Japan's foreign commerce. Protesting against this plan, the officials contended that this would result in dividing diplomatic prerogatives and functions between two ministries, whereas, in their view, a completely unified diplomacy was absolutely essential. Consequently, they contended, all commercial matters requiring diplomatic negotiations should continue to be handled by the Commercial Affairs Bureau of the Foreign Office.

The issue at stake in the quarrel between the officials and the Foreign Ministry revolved largely around the question of appointment and dismissal of commercial attaches. It was proposed by the Cabinet that this function should rest with the new Ministry of Trade. When the Cabinet climbed down and agreed that the authority to appoint and dismiss such representatives should be retained by the Foreign Ministry, the several hundred employees who had resigned withdrew their resignations and the dispute was declared settled.

The New Trade Ministry

According to the Tokyo *Asahi*, the new Trade Ministry will now be organized along lines providing for: (1) Unification of political and trade diplomacy; (2) retention by the Foreign Office of jurisdiction over all matters requiring diplomatic negotiations; (3) supervision by the Trade Ministry of commerce, promotion of outgoing trade, the fiber industry, customs and tonnage dues, and foreign exchange business; (4) control of commercial attaches by the Foreign Ministry.

Early this week, Admiral Nomura, the Foreign Minister, launched what *Domei* described as a "widespread shake-up in Japan's diplomatic personnel." Although this was generally regarded as an outcome of the revolt by the Foreign Offic staff, the shake-up was officially explained as being necessitated by the "vast change in international relations precipitated by the European conflict." Among the first changes announced were the following:

Mr. Yakichiro Suma, former counsellor of the Japanese Embassy in Washington, was appointed director of the Bureau of Information of the Foreign Office in succession to Mr. Tatsuo Kawai. The latter, meantime, was named "roving minister," with instructions to proceed to Europe and America.

Mr. Sotomatsu Kato, Japanese Minister-at-Large in China, was regarded as the most likely appointee to the post of Vice-Minister of Foreign Affairs in succession to Mr. Masayuki Tani, who resigned with his Foreign Office colleagues over the Trade Ministry dispute and failed to withdraw his resignation when the dispute was settled.

Local Protestors Attacked

An interesting sidelight on the Foreign Office dispute was presented in Shanghai on Thursday of last week, when four members of the Great Japan Young Men's Party were attacked by compatriots of apparently opposite views after they had left the offices of the Japanese Consul-General, where they had presented a resolution protesting against the resignation of Consul-General Yoshiaki Miura and his staff. The latter, supporting their rebel confreres in Tokyo, had also tendered their resignations to the Foreign Office.

The protesting quartet, according to the *Tairiku Shimpo*, were attacked by four compatriots carrying seamen's knives and hammers, but none were seriously hurt.

300 Drown When Nippon Ferry Sinks in Yangtsze

Between 400 and 500 panic-stricken Chinese passengers were hurled into the Yangtsze River, 12 miles north of Woosung, on Monday of this week when the small Japanese-owned ferry-boat on which they were travelling, overloaded and unable to keep her keel, capsized. At least 300 persons are known to have perished. The survivors were picked up by craft in the neighborhood.

The ill-fated vessel was the *Hsin Taiko Maru*, formerly a ferry of the Shanghai Special Municipality. She was only 85 feet long and 108 tons. Local shipping men declared that her maximum capacity was 150 passengers, yet at the time of the disaster she had between 400 and 500 passengers on board in addition to cargo. Owners of the vessel are the Toa Kaiun Kaisha Line.

'Ta Tao' Policemen Seek Traffic Control

While negotiations regarding policing of extra-Settlement roads and taxation of residents in the areas adjacent to those roads are continuing in great secrecy between officials of the Shanghai Municipal Council and representatives of the "Ta Tao" municipality headed by Mayor Fu Siao-en, "Ta Tao" police are steadily encroaching on policing rights of the Shanghai Municipal Police in the areas in question.

Last week-end "Ta Tao" police attempted to seize control of traffic regulation along Edinburgh Road, which lies within the British defense sector. Squads armed with rifles marched up to Sikh policemen on traffic duty and ordered them to turn off traffic signal lights at two of the most important intersections on Edinburgh Road.

After complying with the order, the Sikhs phoned to their superiors for instructions, and S.M.P. reinforcements arrived. The "Ta Tao" men then gave way and the traffic lights were put back in operation, after they had been shut off for about 10 minutes. The points affected were the intersections of Edinburgh and Yu Yuen Road and Edinburgh and Great Western Road.

Between 160 and 180 "Ta Tao" policemen attempted last Saturday, on two different occasions, to enter the British defense sector in the Western District. Arriving in trucks, unarmed, they turned back in the direction of Hungjao when British military authorities took a firm stand.

Japanese to Protest Singsong Shooting

A vigorous Japanese protest with the Shanghai Municipal Police, alleging continued police laxity in curbing the activities of agents of Gen. Chiang Kai-shek, was in contemplation this week as the Japanese consular authorities completed their investigations into a terrorist attack upon a party of Japanese and Chinese in a singsong house at 26 Bing Vong Ka, an alleyway off Foochow Road, near Kwangse Road.

Miss San Pao, a singsong girl, was killed. Two Japanese advisors to the Special Municipality of Shanghai were wounded, one of them seriously, while a Chinese executive of a Sino-Japanese bus company sustained bruises and lacerations when he jumped out of a second floor window during the attack.

According to the Japanese version of the incident, four Chinese assailants broke into the room where a dinner party was under way, and fired eight shots after announcing that they were guerrillas, thereafter making their getaway. Foreign press reports said that the shooting was the work of a lone gunman.

Yochow Said Besieged by Chinese Troops; Battle Raging at Nanchang

FOLLOWING up the advantage gained from the rout of Japanese forces which had advanced on Changsha, capital of Hunan province, Chinese troops in northern Hunan have, according to Chinese dispatches, reached the outskirts of Yochow (Yoyang) on the Hunan-Hupeh border and are laying siege to the Japanese-occupied city, which is an important point on the Hankow-Canton Railway. It is also claimed that Chinese troops have encircled Tungcheng, to the east of Yochow.

In view of the fierceness of the Chinese offensive, military circles in Chungking believe that Japanese troops in southern Hupeh may be compelled to withdraw in the direction of Puchi.

Newsmen Visit Front

Evidently with a view to securing publicity from independent sources for the recent Chinese victory in northern Hunan, the Chinese Government this week afforded facilities to a party of foreign correspondents in Chungking to visit the northern Hunan front. Shepherded by Mr. Hollington K. Tong, Vice-Minister of Publicity, the party left the provisional capital last Sunday in a specially chartered airplane.

Nearness of the Chinese troops to Yochow was indicated in Chinese dispatches which claimed that a Chinese "Dare-to-Die" corps broke through the Japanese defenses and entered the city on Oct. 12 to engage the Nipponese garrison in street fighting. Chinese operations against Yochow are being directed, according to Chungking reports, by Gen. Chen Cheng, Vice-Minister of War, and Gen. Hsueh Yo, commander-in-chief of the Ninth War Zone.

If Japanese reports are to be believed, the recent fighting in northern Hunan, which developed into a Chinese advance on Yochow (instead of the expected Japanese capture of Changsha), resulted in heavy casualties on the Chinese side. Latest casualty figures, according to a *Domei* dispatch from Hankow on Oct. 15, showed that Chinese forces abandoned 30,500 dead.

Battle at Nanchang

During the past ten days fierce fighting has also been proceeding in northern Kiangsi. A *Kuo Min* dispatch from Chungking on Oct. 17 claimed that a furious battle was being waged on the outskirts of Nanchang, Kiangsi provincial capital. The city of Fengsin, 40 miles west of Nanchang, is besieged by Chinese troops from three directions, another *Kuo Min* dispatch claims.

Hangchow, capital of Chekiang province, under Japanese occupation, also made war news this week. Reports from Chungking claim that Chinese guerrilla troops launched an offensive against the city last Saturday night and that several detachments had fought their way into the city by Sunday morning. According to a *Kuo Min* dispatch from Kinhua, the guerrillas dashed into the lake city, assailed various Japanese and puppet organs, and set fire to Japanese military barracks. In the course of hand-to-hand fighting, it was additionally stated, more than 50 Japanese soldiers were killed, while the Chinese "invaders" also succeeded in damaging the power plant and waterworks.

A Chungking dispatch on Oct. 16 said that Chinese mobile forces were active along both the Shanghai-Nanking and Shanghai-Hangchow railways and that an engagement between one of these units and the Japanese garrison was in progress at Changchow.

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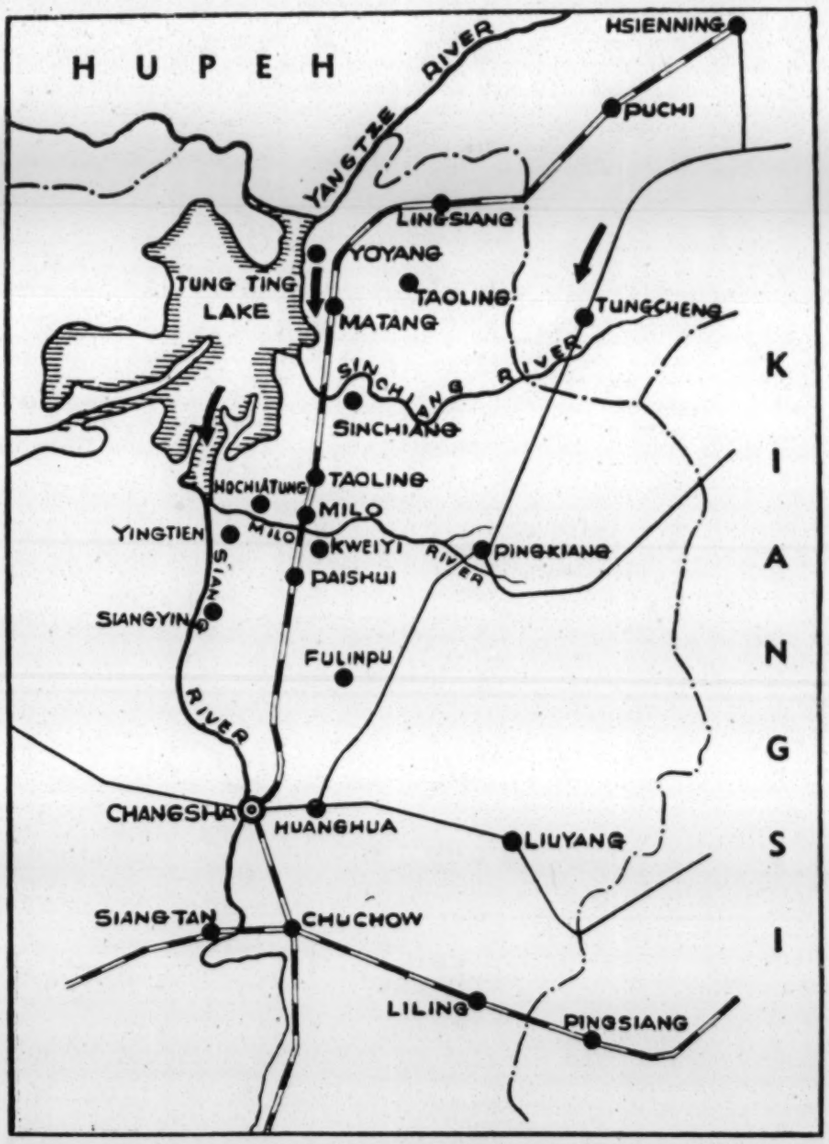


Map by China Information Committee

Chinese Destroy 100 Nippon Planes

In the second Chinese air attack upon Hankow since the Japanese occupation of the city a year ago, three flights of Chinese planes, totalling 20 machines, bombed and destroyed the Japanese airfield in the Wuhan city, demolished nearly 100 Japanese planes, and wiped out a huge Japanese munitions dump on Oct. 14, according to a Chungking announcement.

As the Chinese planes winged their way homeward in the direction of Ichang, it was further stated, they were pursued by Japanese fliers and a series of battles was fought in which two Chinese bombers were brought down and several others damaged, while three of the 20 Japanese pursuit planes were shot down.

A *Domei* report from Hankow minimized the Chinese raid, declaring that all the bombs landed either in fields west of Chungshan Park or in the park lake. Fifty Chinese working in the fields were killed or wounded, while 21 drums of gasoline, ignited by bomb fragments, were destroyed, the report said.

One of the Chinese bombers brought down, a later *Domei* report said, was identified as a Soviet-built S-B machine. The mangled bodies of two out of the crew of three were those of Russians, it was stated.

Our National Morality Must Not be Betrayed!

BY LEWIS S. SCHWELLENBACH

(U. S. Senator from the State of Washington)

Reprinted from China Today, New York

IN 1921, in an endeavor to reduce naval expenditures among the great powers, the Washington Conference was called. It had the leadership of the then very able Secretary of State and now revered Chief Justice Mr. Charles Evans Hughes. Its chief purpose, in the beginning, was the limitation of naval armaments.

The most important accomplishment of the Conference, however, was the adoption and signing of the Nine-Power Pact. The purpose of this Nine-Power Pact is stated in the treaty as follows:

> "To adopt a policy designed to stabilize conditions in the Far East, to safeguard the rights and interests of China, and to promote intercourse between China and the other powers upon the basis of equality of opportunity."

A Lengthy Contact

This was not the first contact our nation had had with China. For 125 years we have been sending over missionaries, to open schools, colleges, hospitals and churches. It might be said that that would create no obligation upon our part. So far as the Chinese were concerned, it did create an obligation. The trust which the Chinese people had in American missionaries, doctors, nurses and teachers was transferred to the American people and the American nation as a whole.

In 1899, we intervened in China and insisted upon the Open-Door policy. We insisted that our rights in China be recognized and that no other nation could create a sphere of influence there. After the Boxer Rebellion in 1900, we again bound China to us by refusing our indemnities. Such was the feeling of the Chinese people towards our country that in 1911, when the new Government was set up, ours was taken as an example and model. We encouraged such an attitude upon the part of the Chinese people.

Early in July marked the second anniversary of the undeclared war in the Far East. The lack of the declaration of war has not subtracted from the fierceness of the conflict nor the inhumanness of the conquerors.

America's Guilt

We criticize the Japanese for not making an open declaration of war on China. Perhaps we should pause and wonder whether we are more than slightly less guilty.

During the recent hearings on neutralilty before the Senate Committee on Foreign Relations, testimony was presented by Dr. Walter Judd who had been in China for many years. He appeared before the Committee as the only witness who testified upon the Far Eastern situation. It was the unanimous opinion of those present at that meeting that the testimony of Dr. Judd had been so outstanding, and had so clearly and exhaustively outlined the situation in the Far East, that there was no need to call any other witnesses upon the Chinese-Japanese problem.

Dr. Judd testified that he went to China first in 1925 as a doctor; he was there until 1931 when he was invalided home; practiced with the Mayo Clinic for 3 years; went back in 1934 to North China and has been in North China since 1934; that he left China 2 months ago, coming back to this country, and appeared at the request of the committee. He further testified that he spoke the Chinese language and also the Japanese language.

Dr. Judd's Testimony

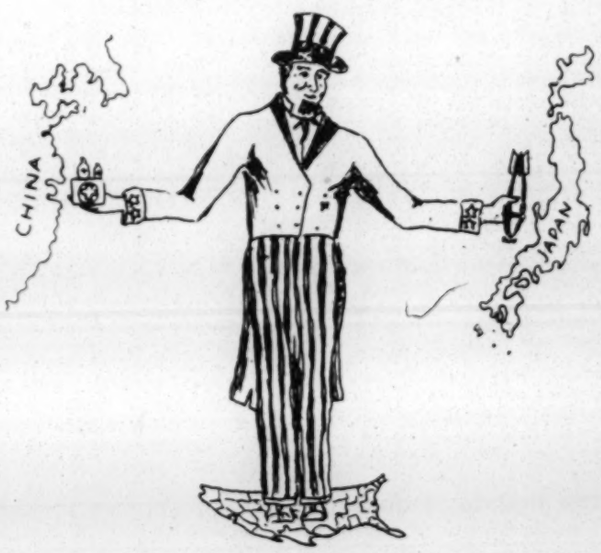
I want first to quote from his testimony upon the question of our background so far as China is concerned. He said this:

> "What is our past with regard to China? For 125 years we have been sending our missionaries to open colleges, hospitals, and churches. It has been the single largest philanthropic enterprise, if considered only as that, that the world has ever seen from one people to another. Unfortunately for China, it led her to assume that because she found she could trust most of the missionaries as individuals therefore she could trust equally the nations from which they had come. That confidence was too implicit and not wholly justified.
>
> "In 1899 China was on the chopping block, the powers were on the point of tearing her to pieces, when the United States announced the 'open-door policy,' refused to recognize the other nations' claims to 'spheres of influence'; and our resolute adherance to that doctrine was one of the major factors in preventing China's dismemberment at that time. China has always felt that she was saved by America. We may have forgotten, but she has not.
>
> "After the Boxer Rebellion in 1900 when the other nations grabbed their indemnities, America returned hers to China to use for building universities and sending selected students to America to acquire our learning and skills, and then go back to modernize China. We may have forgotten, but China is eternally grateful.
>
> "After the revolution in 1911, China took America as her model, as Japan had taken Germany as hers 50 years before. China wanted to be like the great sister Republic of the West, which had seemed to understand and help her all along the way. We encouraged that attitude and sent official and unofficial advisers to help her. China does not forget.
>
> "In 1917 we went to war. Woodrow Wilson promptly asked China to go to war on the Allied side. It was not a primary concern of China, but when America, her great friend and counselor, suggested it, she consented.

China Double-Crossed

> "Then came 1919 and four white men, China's allies, in Versailles, awarded to Japan, another

"Giving" With Both Hands!



Chungmei Chronicle, San Francisco

> ally, the old German rights and a good deal more in Shantung, China's sacred province. When the word got back to China, the students and teachers, the articulate groups, left their studies and went out into the villages as living newspapers to inform and incite and organize that greatest of all boycotts against Japan. It was the only weapon of resistance they had.
>
> "It continued for 2 long years and was at last slowly but surely bringing Japan to terms. She was far more vulnerable then than now. She had not yet developed her great merchant marine; she did not have her economic base in diversified markets all around the world. She was far more dependent upon her China trade. China was on the point of solving her problem by the only method she had, when our country did something else. We called a disarmament conference here in Washington. We wanted Japan to consent to a 3-5-5 ratio of naval strength in relation to our own and Great Britain's. Japan skill-

fuly replied that she could consent only if, in addition to certain other things such as scrapping more than 20 of our naval vessels, giving up our plans to fortify the Philippines, and so forth, we could get the Chinese to call off the boycott. China was glad to do that if the powers would promise that the Japanese troops would get out of Shantung and would stay out; that the nations would promise to all stay out and give China a chance to work out her internal difficulties without the constant fear and threat of external aggression.

"We all promised. That is what the Nine Power Pact is—from China's standpoint. If some other nation had suggested that she give up her boycott in exchange for a piece of paper, she would have politely declined. She did not trust Japan or France or England. She did trust America. When we advised, we urged, we persuaded, she consented. China, poor, naive, amateur in international relations, trusted the promises utterly because she had come to trust us."

That is the relationship which we have acquired toward the Chinese as the result of these years of contact with them and the very definite and specific obligation which we assumed under the Nine Power Pact.

This present adventure of Japan in China is not her first. Ever since Commodore Perry established relationships between Japan and the outside world in 1853, and the Japanese people had been taught the ideas of the outside world, they all commenced to acquire the territorial ideas and the aggressive ideas of the outside world. We must admit that the world itself taught Japan about aggression and territorial expansion. From shortly after 1853 evidence may be obtained to show that Japan had those ambitions and aspirations toward China.

The Japanese Attitude

While we are on the point of what Japan has learned from other nations, I think it would be of interest to all of us to know what the Japanese attitude is as a result of the knowledge which she has acquired. The most interesting statement of it is in a book written by a lieutenant-commander of the Japanese Navy named Tota Ishimaru. In this book entitled "Japan Must Fight Britain," is outlined in its entirety the argument of the Japanese with reference to the future. I wish to quote from the last two papers of the book:

"The British Empire is on the downgrade, or perhaps at the parting of the ways that lead to salvation and destruction. To fight Japan is to court destruction. England had better swallow her pride and make way. That is the wisest thing she can do to protect herself, she has territorial possessions in abundance.

"Japan, England, and America are the three great Pacific powers; harmony and cooperation between them will bring peace. If the Pacific should prove to be the scene of another world war, it will be because the influence and possessions of these three are not evenly balanced and because two of them, England and America, persist in endeavoring to have everything their own way at the expense of the third. A condition precedent to the preservation of peace is that England and America should give way and enable a balance to be maintained.

"Let each of the three reign supreme in its own domain. America in the eastern, Japan in the western, England in the southern Pacific. Let each keep to its own allotted area, there to guide and guard the other powers. Let each respect the wishes of others, honestly assist their progress and development, finally abandon all ideas of racial discrimination and hatred, remove all tariff walls and restrictions on migration, encourage the settlement of differences by an efficient system of arbitration. The limitation of armament will present no difficulties, mutual confidence will increase, and the Pacific Ocean will not belie its name.

"But unless America and England, and especially the latter who is the more likely to come into collision with Japan, make way, all this is but so much froth.

"England holds the key to the peace of Pacific. Whether that ocean belies its name, whether it becomes the scene of another world war, depends on the attitude of the British people."

United States' Pledge

There may be those who will argue that it is perfectly proper to have Japan control the area which the lieutenant commander points out, to have us control the eastern part of the Pacific, and to have England control the southern part of the Pacific. There may be many who will aruge that that is the proper solution of the problem. However, the fact is that our Government and other governments solemnly agreed that that would not be the policy; and we pledged ourselves, so far as we were concerned, that that would not be our policy. The Japanese Government is repeatedly importuning our Government to adopt precisely that policy.

There are some problems with reference to Japanese fishing off the coast of Alaka, in which I had personal interest in solving. Fortunately, we have been able to settle them amicably during the past few years; but I know that at any time, if we had agreed, Japan would have entered into any sort of an understanding we had wanted, saying, "We will draw a line down through the center of the Pacific Ocean. We will stay on one side and you will stay on the other, and there will be no argument about salmon fishing." However, we had entered into a solemn obligation binding not merely our Government but our own citizens, and each of them, to recognize and respect the territorial and administrative integrity of China. Once we attempt to adopt the sort of policy outlined by the lieutenant commander of the Japanese Navy we act in express violation of a solemn agreement into which we have entered.

There can be no question in anyone's mind that we are actively participating in the war which Japan is conducting in China. As a matter of fact I do not know but the position of the Japanese might be considered a little more honorable than ours. They at least are sending out their men who are taking a chance on being killed. We do not take any chances on our lives in that war. All we do is to send our goods and materials over there that they use for military purposes and we get the profit out of it.

America's Part in War

Japan is a nation without the necessary materials of war. The whole purpose of her Chinese conquest is to acquire territory from which she may secure resources for further extension of war. We speak of her as having Germany and Italy as her allies. The fact is that we are her most important ally. Japan has no oil with which to operate her airplanes, her tanks, her trucks, her automobiles or even her battleships. We furnish 65.57% of that which she secures from the outside world. She must have scrap iron and steel with which to manufacture her munitions We furnish 90.39% of that. She must have copper for her munitions. We furnish 90.98% of that. She must have other metals and alloys and we furnish 99.33% of those. She must have metal-working machinery. Our contribution is 67.9% of that. We furnish 64.67% of the automobiles and parts which she is using in China. We furnish 76.92% of the aircraft and parts with which she bombs the hospitals.

What is the Difference?

What difference is there so far as international morality is concerned between furnishing the soldiers to shoot the bullets and providing the material with which the bullets are made? What difference is there so far as international morality is concerned between furnishing the driver of the truck or furnishing the truck and the gasoline that goes to operate that truck What difference so far as international morality is concerned between furnishing the pilots who operate the airplane and the men in that airplane who pull the gadgets that let the bombs go down to destroy the lives of the people in the community and the nation that furnishes the gasoline which propels that airplane?

We have taken a high and lofty position in world affairs. We have told the nations of the world that we insist upon respect for treaties. We tell the nations of the world that our hands are clean and that we are "holier than anybody else." We claim the right to pick and choose our friends, because some of them violate treaties and others do not.

In our actions in reference to Japan and by our violation of the Nine Power Act, we become just as flagrant a violator of international agreements as any other nation in the world. And it does not speak very well for us to be casting reflection upon other nations when we, just because we can make some money out of it, proceed to furnish 70 per cent of the really essential material that Japan is using in the transaction of this war.

Aide of Wang Ching-wei Defends Peace Drive Launched by Leader

BY P. S. LIN

Editor's Note:—The following document was sent in as a contribution to our correspondence columns, but owing to its length we are publishing it in the form of an article. Since it is a defense of the position of Wang Ching-wei, we feel it necessary to identify the author for the information of our readers. P. S. Lin (Lin Pai-sheng) is at present the editor of the Chung Hwa Jih Pao (Central China Daily News), a newspaper published in Shanghai by Wang Ching-wei. Formerly he was a member of the Legislative Yuan at Chungking and agent of the Central Publicity Council of the Kuomintang in Hongkong. As a follower of Wang Ching-wei, he was dismissed from both posts when Wang left Chungking last December to launch his peace drive. It was he who released Wang's first peace statement at Hanoi, French Indo-China. An attempt on his life was made in Shanghai last January, when Lin sustained a serious bullet wound in the eye.

IN recent issues of your journal you have been devoting a good deal of space to virulent and obviously ill-informed attacks on Mr. Wang Ching-wei.

That you should comment on Mr. Wang's peace movement is natural; its importance is such that you would be failing in your duty to your readers if you failed to do so. At the same time your readers have the right to expect from you, a presumably independent foreign observer, an accurate account of the matter on which you are giving them the benefit of your observations. This, in the case of Mr. Wang, you have obviously omitted to do. His movement cannot rightly be understood without reference to its history and background. Perhaps you will allow me to assist you in remedying this omission by citing the following facts:—

Recital of Events

1. In December, 1937 Dr. Trautman, the German Ambassador, conveyed to the Chinese Government, then established at Nanking, certain proposals from Japan for the conclusion of peace. These were accepted by the Chinese Government as worthy of consideration; in particular, General Chiang Kai-shek stated that they could be accepted as the basis on which to negotiate an honorable peace. Negotiations were started, but ultimately were broken off, due to General Chiang's reluctance to shoulder the responsibility which he in vain tried to pass on to Dr. H. H. Kung and in part also to the action of General Chiang in referring the draft terms to Stalin for approval. All this finally resulted in the Konoye Declaration of January 16, 1938, repudiating General Chiang as head of the Chinese Government.

2. In April, 1938 an Emergency Congress of the Kuomintang, at Wuchang, laid down certain basic principles in regard to the negotiation of peace, and General Chiang Kai-shek and Mr. Wang Ching-wei were appointed to see that this policy was carried out. These basic principles, summed up, amounted to (1) the inviolability of China's sovereign rights; (2) the maintenance of China's administrative independence; (3) economic equality and reciprocity.

3. Immediately following on the Congress, Mr. Kao Chung-wu was despatched to Hongkong by General Chiang Kai-shek to initiate peace negotiations with the Japanese. Again negotiation broke down because of the vacillating attitude of the Generalissimo.

4. During the same period Dr. Chu Min-yi and Mr. Ho Shih-chen were also entrusted by General Chiang Kai-shk with participation in peace talks with the Japanese in Shanghai.

5. On December 22, 1938, Japan enunciated the Konoye peace proposals. These made no demand for an indemnity, or for any surrender of Chinese territory. No demand was put forward for the appointment of Japanese advisers to the Chinese Government, and full respect was promised for China's sovereignty. With regard to the question of Manchuria, the manifesto of the Emergency Congress had laid down that "a reasonable solution of the question of the four North-Eastern Provinces be brought about" and General Chiang himself openly declared at that Congress that "in the event of Japan guaranteeing to refrain from further encroachments upon Chinese territory and sovereignty, I (i. e. General Chiang himself) will bear the responsibility of effecting this solution." Disregarding the advice of Mr. Wang, who had been jointly charged with him by the Wuchang Congress with the duty of surveying possible avenues to peace, General Chiang refused even to consider the Konoye proposals, though they were less onerous to China than those which a year earlier he had declared could be accepted as the basis of an honorable peace.

6. In consequence of General Chiang Kai-shek's "non possumus" attitude Mr. Wang left Chungking in order to carry out by himself the duty of investigating peace proposals with which he had been charged. In his view, the Konoye proposals did constitute a basis for negotiations, subject to the granting by the Japanese as an integral condition of peace that "the withdrawal of the Japanese army from China in its totality should be prompt and universal in all direction."

Wang Explores for Peace

7. Since leaving Chungking, Mr. Wang has thoroughly explored the avenue to peace opened up by the Konoye proposals, and in conversation with the Japanese authorities, both military and civil, has obtained a clarification of the terms on which peace can be obtained. He proclaims himself satisfied that these do not infringe China's sovereignty or territorial rights, and, judging from what has been revealed of them to the public, there is no reason why his opinion should be disputed.

8. Mr. Wang has taken independent action with regard to the question of peace only after he had failed to induce General Chiang to take up the matter himself, while it should not be forgotten that, according to the documentary evidence available, General Chiang has himself been willing in the past to negotiate for peace on terms much less satisfactory than those now offered.

The truth of the statements made in the above account has never been contested, yet you have completely ignored them in your criticisms of Mr. Wang, and your attempts to brand him as betrayer of his country and his fellow-countrymen. From the facts set out above it is perfectly clear that he is, in seeking to achieve peace, only carrying on a policy agreed upon by General Chiang Kai-shek on more than one occasion, a policy which the latter as many times abandoned, not out of regard for the interests of China, but at the bidding of his Communist associates, just as at their bidding he brought the war about, although he knew China was completely unprepared to wage one.

China's Unpreparedness

In July, 1934, in three lectures delivered at Kuling to the Officers Training Corps, General Chiang stressed China's unpreparedness most emphatically. "It goes without saying," he said, "that we are unable to put up a successful resistance to Japan." General Chiang quoted Dr. Sun as saying that Japan could occupy all the important areas in China within ten days and destroy China. Amplifying this, General Chiang went on, "*China does not possess the necessary requirements for waging war and fighting the troops of a modern State. . . . In three days, instead of ten days, can the enemy occupy the strategic points along the Chinese coasts. . . . He can occupy any point in China.*" Later, in the same speech, "*We cannot possibly resist Japan. Even thirty years will not be sufficient, if united in mind we start preparations now.*"

There was much more in the same strain. "No matter where Chinese troops are stationed they cannot get away from the hollows of the Japanese hands." "The Japanese can occupy any place they desire."—"Within one day any place in China can be threatened with dire consequences." With the Commander-in-Chief of the Army speaking in these terms, what could the Executive do but strive to preserve peace, and this was what Mr. Wang Ching-wei, as president of the Executive Yuan, tried to do, until he was shot in November, 1935 and had to resign.

In the same way, he strove for peace all through the early months of 1937 after rejoining the Government. By that time, however, General Chiang

Chinese Puppets and Their Japanese Military Masters

The pictures, distributed by the Japanese Press Union, tell their own story of the relationship between Wang Ching-wei, the lesser puppets, and the Japanese. Top to bottom they show (1) Wang broadcasting a "peace" speech in Shanghai under Japanese auspices; (2) Wang as guest of honor at a dinner given in Nanking by Lt.-Gen. Otozo Yamada, Commander-in-Chief of the Japanese Expeditionary Force to Central China; (3) Wang entertaining the same general at his fortified residence in Shanghai—note his aide, Chu Min-yi, second from right; (4) Wang conferring with his fellow puppets—Liang Hung-chi, left, and Wang Keh-min, right; (5) Wang and Lt.-Gen. Rikichi Ando, Commander-in-Chief of the Japanese Expeditionary Force to South China, in Canton; (6) Liang Hung-chih in conference with Sotomatsu Kato, Japanese Minister-at-Large in China.

Kai-shek had, in his bargain with the Communists at Sian, committed himself to war, and so war there had to be. Writing two weeks before war actually broke out at Shanghai in August, 1937, we find Mr. W. H. Donald, General Chiang Kai-shek's confidential adviser, announcing that "at this moment of writing we are trying to shake up a real war with Japan. You will know all about it long before you get this, but China is going to fight." What is to be thought of a leader who, knowing that his country is unprepared for war, yet leads her into it?

That China should have sufficient strength and vitality to be worthy as an enemy as well as a friend, no Chinese leader has realised more than Mr. Wang, for not until Japan had learnt to respect China as a foe would she respect her as a friend. But national regeneration presupposes peace, and once the nation is regenerated, the trial of strength which is to test China's worthiness as a foe as well as a friend, will be entirely unnecessary. Hence, his persistent efforts to maintain peace. Once war had broken out, however, he loyally supported it in order that China should offer the utmost resistance possible.

The quality of the resistance is a matter of history, but by Christmas 1937 all that could be gained by it had been gained. Japan had learnt that China could not be crushed, and it was she who made the first move towards peace. The terms she offered were such as China could with

honor accept, and there no longer existed any reason for the war. A prolongation of the hostilities offered China nothing which she had not already been offered, and from this time on Mr. Wang Ching-wei devoted all his energies to trying to bring the other members of the Government, and in particular General Chiang Kai-shek, to a realisation of this. It was only after repeated failures had shown this to be impossible that he resigned from the Government and left Chungking in order to work for peace from without.

Hand of Moscow Seen

Moscow's interests of recent years have obviously lain in keeping Japan embroiled with China; hence, all her efforts have, up to present, been directed against any conclusion of peace. Hence, again the opposition of the Chinese Communists to all the peace movements. How completely these gentry are subject to Moscow is evident from the declaration, immediately following the Soviet-German Non-Aggression Pact, of their leader, Mao Tse-tung, that Germany was no longer China's bitter enemy. Moscow, from being anti-German, became pro-German, and the Chinese Communists followed suit. When Stalin says "Turn" we all turn!

The Nomonhan agreement, recently concluded between Japan and the Soviet, serves to make clearer still the fact that China has all along been made the pawn of Russia in that country's long-drawn-out controversy with Japan. As soon as it suits Moscow to come to terms with Tokyo, Chungking is abandoned. One wonders if the Communists will, as a result, find that Japan as well as Germany is China's friend.

From 1937 on, General Chiang Kai-shek has, whether wittingly or not, been playing Moscow's game. It was this domination of the Generalissimo by the Communists, themselves acting on orders from Moscow, and the consequent subordination of China's interests to those of Russia, that caused Mr. Wang to break with Chungking. Whether the Anti-Comintern Pact is dead or alive, is completely irrelevant to the case, and affects Mr. Wang's position and arguments not in the least. Nor does it much matter whether the Communists are for the moment the palest pink instead of the deepest red, or not. They still remain tied to Moscow, and committed, should they ever get the opportunity, to the Bolshevization of the country. The leopard does not change his spots.

In this connection the views on possible peace expressed by Dr. Wang Chung-hui, Minister for Foreign Affairs at Chungking, in his interview with the *United Press* on September 28, are interesting. These provide for the maintenance of China's integrity and independence, economic cooperation with Japan on a basis of complete equality, and assurances that the Japanese army will withdraw, after the order to cease fire has been given, as rapidly as neutral observers consider reasonable, so that Chinese troops may move in to take over until all China is restored to Chinese control.

Terms Said Similar

How do these terms differ for the better from those Mr. Wang Ching-wei has already obtained? In not one respect. In particular let us look at the question of the withdrawal of Japanese troops. In his broadcast at Canton on August 9, Mr. Wang specifically stated that he had Japanese assurances that should any Chinese army support peace and anti-Communist policies, they would stop hostilities against such troops and take steps progressively to restore to China the functions of maintaining public order and safety, of garrisoning the area, the machinery of civil administration and all matters relating to economic affairs in the areas now occupied by Japanese troops.

There is nothing, indeed, to prevent the Chungking leaders cooperating with Mr. Wang Ching-wei. The only pretext that could possibly be advanced for refusing to do so would be that Japanese assurances to Mr. Wang are not to be relied upon. That, however, is not an argument that holds much water, since Chungking has manifested through Dr. Wang Chung-hui its own willingness to accept Japanese assurances, even if on account of the Communist pressure Dr. Wang Chung-hui's statements had to be modified and explained away.

No Japanese Money

One point more. A correspondent in your issue of September 23 accuses Mr. Wang Ching-wei of accepting Japanese money. There is not one atom of truth in that charge. Every copper and cent of the money used by Mr. Wang is Chinese money. At the moment it is not the time yet to state from what sources it has come. To do so would involve a number of people in difficulty and even danger under existing circumstances. This, however, the public is promised, namely that when the National Government is re-established in Nanking under Mr. Wang Ching-wei's leadership, a full account will be rendered of all the money received and of its use. Such an account, it may be added, is something the nation has never had from the Chungking administration and never will. Details of the monies received and disbursed by certain of its leaders and the sources whence they came simply cannot be published.

303 Honan Road, Shanghai,
October 14, 1939.

$200,000 Stolen in Two Big Robberies

Two of the largest robberies ever to take place in Shanghai occured on Oct. 12, the total loot of the robbers amounting to more than $200,000. The first robbery occurred at 8.15 p.m. in Japanese-controlled Hongkew and the second in the French Concession about an hour later.

Scene of the Hongkew robbery was the Kiu Zu Native Bank, 84 East Seward Road. Eleven bandits armed with Mauser pistols entered the bank as it was about to close, intimidated the employees into handing over safe keys, and got away with $190,000 in Chinese national currency, Japanese banknotes and other foreign currencies. They drove from the scene of the crime in a waiting motor car.

The Frenchtown robbery victim was an exchange and cigarette shop at 218 Rue du Consulat. It was closing time, and there were 21 employees and two customers on the premises. Four robbers, carrying pistols and a hand grenade, forced the inmates into a narrow corner of the hallway, looted the shop of $6,500 in cash and two gold bars valued at $4,000 each, and then escaped.

Tripartite Economic Council Established

Moving to tighten Japan's grip over the economic resources of East Asia (the language is that of the *Domei* news agency), the Japanese Government established at Tokyo, on Oct. 17, a permanent Japan-Manchukuo-China Economic Council. The Council will meet, it was stated, whenever need arises for mapping industrial expansion and commodity mobilization in Japan, Manchukuo and China. Special committees will be formed to deal with problems concerning coal, iron, raw cotton, cereals, light metals and the adjustment of international trade balances. The Council, however, will be based upon a loose agreement among interested parties, without a definite set of regulations governing its activities.

Central China headquarters of the Council have been established at Nanking, *Domei* reported. The inaugural meeting took place Oct. 16, with Mr. Lien Yu, Minister of Industry of the Reformed Government, presiding. Present were representatives of the Reformed Government, the puppet provincial governments of Anhwei, Kiangsu and Chekiang, and the two municipalities of Nanking and Shanghai. An official of the Central China Liaison Office of the Asia Development Board was also present.

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Aviation Agreement is Signed by Puppets

An aviation control agreement, marking the inauguration of official supervision over commercial airways operating in North and Central China, was signed at Peiping Oct. 17 by the Federated Government of Mongolia and the Provisional Government, *Domei* reported. The agreement places control and administration of aviation companies in the hands of a committee, which eventually will be composed of representatives of the Mongolian, Provisional and Reformed governments, the Japanese agency said.

Effects of Europe War on Japan's Trade, Industry

(Extract translated from the "Diamond," a Tokyo publication)

ALTHOUGH the outbreak of large-scale hostilities in Europe will doubtless benefit, more or less, the trade and industry of Japan, yet it is a hasty generalization that such a brisk boom as was witnessed during the World War of 1914-18 will again come upon us. For not only is the situation involved in the present imbroglio more complicated and delicate than that of the previous war, but also Japan herself is going about the ticklish task of constructing a new order in East Asia, a gigantic program requiring enormous amounts of money and material. In the following is given a cursory account of the possible effects of the present European war upon several important lines of Japanese business.

Export Expansion

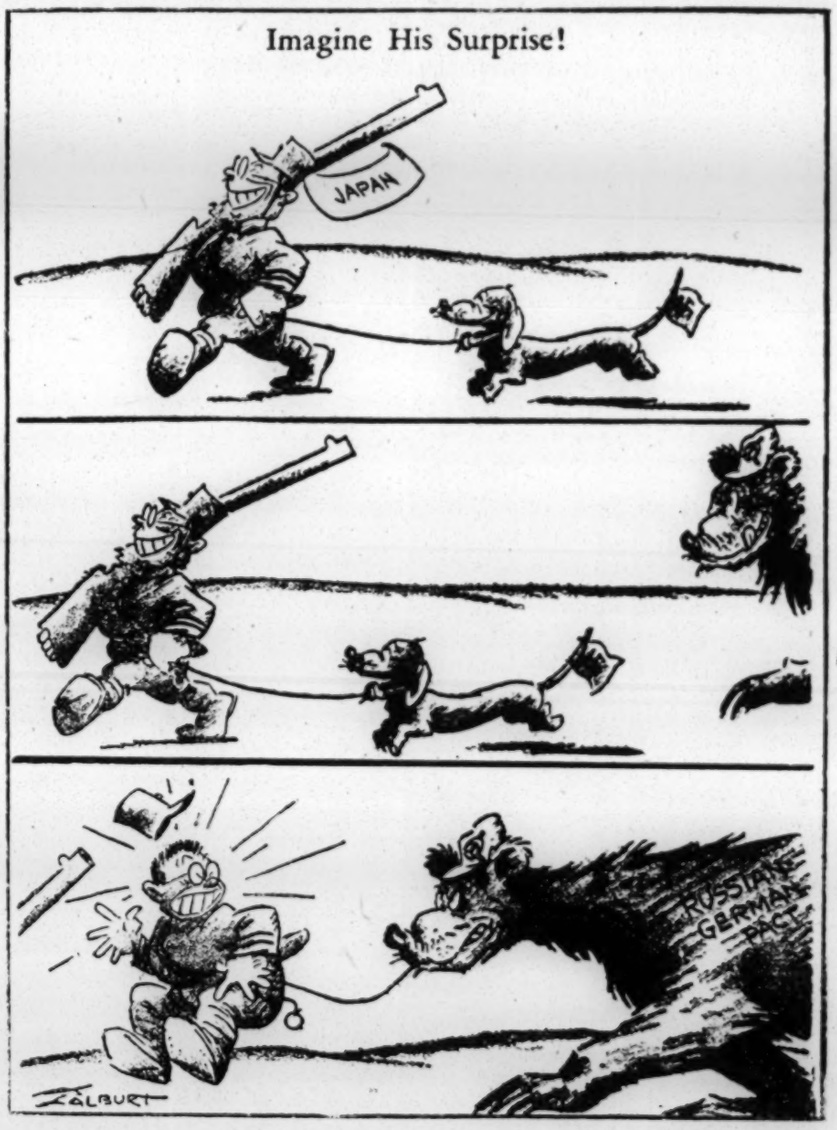
The question suggesting itself first of all is: To what extent will our export trade expand due to the European hostilities? Light industry, particularly textile, has no doubt surplus capacity, although there is not sufficient labor for immediate promotion of the export enterprise. And ample importation of raw materials would in all probability boost our export trade on the whole. Because the United States, which seems determined to remain neutral, is suffering from over-production of cotton, it is greatly hoped that the Japanese authorities will start negotiations for conclusion of something akin to a silk-cotton barter agreement with that country, whereby we can secure an adequate supply of raw cotton and prompt sale of raw silk. As to the exportation of food-stuffs, we are of the opinion that no forcible steps should be taken for selling abroad indispensable foods. The most fundamental factor for the recent recession of our export trade is the shortage of material, labor and money caused by the China Incident, and there is no immediate hope that our export trade will prosper conspicuously as in the case of the World War days, although some of the trade difficulties now confronting our traders will be removed gradually.

Foreign Exchange Affected

Our foreign exchange will be affected to no small degree. The question is: Which is advisable for Japan, to abandon her policy of linking the yen to the pound sterling or to peg her money at a proper level with the dollar? In spite of not a few circumstances favoring the latter step, the Government has decided to stick to its traditional policy of pegging the yen at 1s. 2d. at least for the time being. The reasons are: (1) This is too important a national policy to be revised from mere technical considerations; (2) Since the yuan currency of China is entirely under control of Britain, it is not wise for Japan to part from sterling, as far as her currency measures in China are concerned; (3) With further development of the European hostilities still being an unknown factor, it is premature to give up our previous pegging operations; (4) In the event the yen is linked with the dollar, its quotations in terms of the British currency will fluctuate violently, thereby plunging our traders in a more serious plight in competition with British interests; (5) The removal of a center for international exchange to New York from London is not at all a factor to warrant the linking of the yen to the dollar; and (6) It requires cautious consideration for Japan to link her money to the currency of a foreign country like the United States, which has declared unilateral abrogation of the trade agreement.

Upon receiving the news of the outbreak of European hostilities, local marine insurance underwriters decided on August 30 and then on September 1 to raise their rates. In view of the adverse effects of their reckless action upon our trade and shipping, however, the Government is most likely to take appropriate and effective measures for curbing upward revision in insurance rates. On the other hand, it is reported that the authorities concerned are making necessary preparations for submission to the coming Imperial Diet of a wartime law calling for Government management of the reinsurance business. At any rate, if the premiums are officially fixed at levels lower than the current, there is no hope that local underwriters will obtain exorbitant profits.

Our shipping firms will surely enjoy prosperity due to the European war, because their two rivals, Great Britain and Germany, are now fighting each other. But it is futile for them to anticipate such a frenzy of boom as that in 1914-18. For it is hardly possible for them to place sufficient bottoms for deep sea operations due to the increasing demand for bottoms in the coastal waters. In the middle of August, Japanese ships (excluding those of the Nippon Yusen Kaisha and the Osaka Shosen Kaisha) placed for deep sea operations totalled 980,000 tons, or a decrease of 500,000 tons as compared with the figures prior to the China Incident. Because such a small



N. Y. World-Telegram

amount of vessels is of course insufficient for increasing munitions cargoes and the expansion of international merchandise trade, it is hoped that as many boats as possible will be allotted for ocean transportation.

Silk traders are optimistic rather than pessimistic. This is because the stoppage of silk shipments to Europe (which accounted for only 14 per cent of the total outgoings in 1938) will be covered more than fully by brisker exports to the United States and the rise in quotations. In that country the demand for silk will increase markedly due to the war boom and for the reason that not only will the rayon production there drop because of the possible emphasis on munitions manufacture but also rayon imports from Italy and Germany will be interrupted. Inasmuch as, on the other hand, further increase of the local silk production is generally held next to impossible, it is not without reason for some bullish elements to predict that the silk prices will jump to more than Yen 2,000 a bale.

Boon to Hemp Industry

The European war, if it is drawn out for a long period, will prove a great boon to the local hemp-dressing industry. Although it is hardly possible for Japan to ship abroad any tangible amount of hemp and flax goods because of the mounting needs at home, yet there are chances for local growers to sell crude flax to the United States which has so far been importing it mostly from the British Isles. The Japan-Manchu Flax Company, which has long been planning to ship its production to that country, will not fail to seize this golden opportunity.

The proposed expansion of the steel industry in this country will be barred seriously, due to the cessation of imports of raw materials and machinery. As to iron ore, there is no need for extreme pessimism. For not only have we a large amount of stocks but also we can expect much of iron resources along the Yangtsze Valley in Central China. But if imports of key materials, such as manganese and scrap-iron, and factory equipment like rolling mills, are suspended, the local steel industry would suffer a fatal blow. In this light, whether or not the United States, which has been supplying largest portions of rolled steel, scrap-iron and steel-making plants to this country, will join the European war is being watched with interest by Japanese steel firms.

Gold mining interests, which have already been enjoying a war-time boom due to Government encouragement and protection, will see their business flourish more than ever. Opinion favoring a further raise in gold purchase price from the present level of Yen 3.85 per gram is now gaining ground these days in view of the outbreak of the European war.

During the previous World War Japan obtained a huge profit by exporting copper. She is now an importer of this metal, and the possible rise in copper prices on the world market will bring about serious pressure to bear upon industry on the whole, although it will prove a benefit to some copper-mining interests.

As to petroleum, some refiners and miners will indeed seize this opportunity to expand their own businesses at the sacrifice of foreign interests here, but the eventual stoppage of oil imports will develop into a serious issue of national concern. Incidentally, 1936 statistics indicate that the United States supplied 66 per cent of our oil imports, the Netherlands East Indies 21 per cent, and British Borneo 7 per cent. Again our concern centers primarily around the American attitude toward this country.

Machinery Exports

The machinery industry, too, will be affected both favorably and unfavorably. The proposed expansion of this industry will be obstructed seriously due to the eventual interruption of imports from European countries of factory equipment necessary for the purpose. On the contrary, exports of Japan-made machines and tools will increase markedly to Asiatic countries due to the stoppage of shipments from Europe. Marked briskness is seen also for the ship-building industry.

The soda and glass industries here, especially the former, will be dealt a severe blow through the cessation of industrial salt shipments from Africa and Europe. Japan's needs for salt are estimated at 2,000,000 metric tons a year, of which only 500,000 metric tons is turned out at home and 900,000 metric tons is imported from neighboring coasts and 600,000 metric tons from far-off places. The local output being consumed entirely as food, the whole of industrial salt must be bought abroad. Although the importation of salt from America and the South Seas is now under contemplation, it is open to doubt if it is possible to buy a sufficient amount therefrom.

Shortage of Hops Seen

Japanese beer brewers will be hard hit due to the European war, unless hops are imported sufficiently from the United States instead of North Europe, which has so far been the largest supplier. The fact is, however, that they cannot expect much from America in this respect in view of the abrogation of the U.S.-Japanese trade agreement. Thus, they are now pushing their plan for expansion of hops production in the Hokkaido and North Korea.

The European war and the subsequent increase of aquatic products shipments to Europe will prove a promising stimulant for our fishing industry. Particularly remarkable will be the gain in canned goods exports. The Canning Association of Japan estimates that canned provisions exports in the coming 12 months starting from October this year will total Yen 37,000,000 to the yen bloc areas and Yen 200,000,000 to third countries, totalling Yen 237,000,000, or double those in the previous one-year term.

Japanese whaling firms operating in the Antarctic Ocean, too, will be able to boost their business, because British and German interests will be obliged to curtail drastically, if not stop, their operations in the southern waters.

As to the effects of the European war, more serious concern is entertained by Japan's textile business than any other branch.

Although the ban by the Canberra Government on shipments of Australian wool will deal a blow to our woollen textile business, it is not impossible for us to buy wool from South Africa and South America. While Manchukuo and China are under Japanse monopoly, Japanese and British interests have been competing with each other in other markets such as British India, South Africa, Egypt, North America and Argentina. Due to the suspension of shipments from Britain, Germany and France, Japanese woollen interests will find themselves in a very favorable position for further encroachment on these markets.

It's One Thing Or Another

Orr in The Glasgow Record

Upon the outbreak of the European hostilities, shares of some leading spinning firms rose buoyantly in parallel with shipping issues on the Tokyo Stock Exchange. This of course is in anticipation of the possible expansion of cotton goods exports as in the case of the War of 1914. As already stated at the outset of this survey, extreme optimism about the trade boom cannot be said to be based on solid ground.

Rayon Industry Prospects

Turning to the rayon industry, great prosperity is not at all forthcoming, so long as Italy, the most formidable rival in this field, maintains neutrality. Although Japanese rayon interests have monopolized the China market, they are in keen competition with Italian producers in other markets such as British India,

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the Netherlands East Indies and Africa. In addition, the further aggravation of European hostilities will naturally obstruct the importation of pulp from North European countries. But we need not entertain pessimism in this connection, for it is quite possible to import the material from Canada and the United States.

Exports of staple fiber goods, which have been on the increase of late, will most likely make further advance into the world market.

No less important is what occurs after the European war, i.e. easier disposal of the China Incident which will result in the alleviation of rigid restrictions now imposed by the Government on shipments to the yen bloc areas of cotton and rayon goods. It is to be remembered that the strict control of shipments to the continent has been a more serious blow to interested circles than is generally imagined. Rayon yarn exports to the yen bloc countries in the first seven months of this year, for instance, dropped to a quarter of those in the like period of 1938.

Dyestuffs Trade to Grow

Whereas we suffered seriously from the dearth of synthetic colors during the World War of 1914, the local dyestuff industry, which has since then made noticeable progress, will find a good stimulant in the present European hostilities. There is now no fear that the stoppage of color imports from Germany will hard hit the dyeing business here. On the other hand, Japan-made colors will make remarkable advance into the world market, taking advantage of the cessation of shipments from European countries, such as Germany and Britain, which have so far supplied some 80 per cent of the aggregate color trade in the world. Although there are indications that it will become rather difficult for us to import an adequate amount of raw materials from the United States, the home production of intermediate products and other materials will gain, along with the promotion of the steel industry here. In the first seven months of the current year dyestuff exports totalled 7,148,000 metric tons valued at Yen 9,000,000, both all-time high figures and larger than those for the whole of the previous year. The bulk of shipments was destined to the yen bloc areas in the past. In the future, however, exports will increase also to British India, the South Seas, Australia and the Near East, if only the European war is protracted for years.

Bombs Demolish Canadian Mission in Szechwan

The Canadian mission at Tseliutsing, 40 kilometers southeast of Chengtu, capital of Szechwan, which was bombed by Japanese planes October 10, was almost completely destroyed, according to reports reaching Chungking. The mission was made of colored bricks and tiles and made one of the most conspicuous aerial targets in the city, reports said. It was apparently destroyed by incendiary bombs.

Mexico Relaxes Curb On Nippon Silk Imports

Considerable interest was aroused in a report from Tokyo on Sept. 24 stating that the Mexican Government had relaxed restrictions on the import of Japanese art silk and would permit 660,000 pounds to be brought into the country. The amount was triple ordinary imports of Japanese silk into Mexico, hence there was considerable curiosity as to the reason. It was suggested that the silk import was connected with a trade barter deal made by Italy with Mexico some time ago and that the final destination would be Germany. It was also reported that Mexico would shortly rescind restrictions on the import of Japanese rayon.

Shanghai Workers' Living Costs up Another 20%

With 100 as the base figure for 1936, prior to the hostilities, the general index of the cost of living of Chinese workers in Shanghai rose in September to a new peak of 283.234, showing an increase of 20.95 per cent over the August index and 50.21 per cent over the July figure, according to the latest report of the Industrial Section of the Shanghai Municipal Council.

Simultaneous rises were seen in all the constituent groups of the general index. Fuel and light increased by 29.10 per cent, food by 18.40 per cent, clothing by 7.18 per per cent and miscellaneous items by 3.88 per cent.

Nippon Bombers Raid Shensi 'Red Capital'

Yenan, the "Red capital" in Shensi province, was subjected to two intensive raids by Japanese Army aircraft on Oct. 15, *Domei* reported. The first attack was carried out at about 10:30 o'clock in the morning, when Japanese bombers in mass formation rained bombs on the barracks of the Communist Eighth Route Army, the Communist University and the headquarters of the Chinese Communists. Several godowns were also hit, causing widespread fires, pilots reported on their return. Another raid was carried out at 4 o'clock in the afternoon.

Chiulichen, where the headquarters of Gen. Yen Hsi-shan, former chairman of the Shansi Provincial Government, are located was also raided Oct. 15, *Domei* said.

10,000 More Chinese Return to Hongkew

During the first 10 days of October, 10,590 Chinese comprising 644 households returned to their former homes in the Japanese defense areas north of Soochow Creek, according to figures released by the Japanese naval authorities. This raised the total of Chinese who have returned to 312,786 forming 33,905 households. The number of Japanese residents in Shanghai was 58,166 on Oct. 1.

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Agreement Reported on Dispute at Kulangsu

Described by the *Domei* agency as a first step in the eventual solution of international problems at Shanghai, Tientsin and other places in China and a "big political blow" to the Chungking Government, an agreement between the Municipal Council of the Kulangsu International Settlement at Amoy and the Japanese authorities was reached on Oct. 17 with reference to "peace maintenance in the Settlement and other administrative problems."

The agreement is said to call for immediate execution of an understanding between the Municipal Council and the Japanese Consulate-General at Amoy for the suppression of anti-Japanese activities in the Settlement by cooperation between the Council and the Japanese consular police; appointment of a Japanese inspector and a Japanese sergeant to the Settlement police force; employment by the Council of a number of police constables of Formosan extraction as and when financial conditions permit; postponement until an opportune time of discussions regarding the enfranchisement of Japanese subjects of Formosan extraction and the appointment of Chinese members to the Council; Japanese cooperation with the Council in suppressing activities tending to disturb peace and good order.

Trouble at Kulangsu arose last May when Chinese gunmen shot and wounded the Chinese chairman of the Amoy Chamber of Commerce. Japanese bluejackets were landed in the International Settlement and demands made for Japanese participation in hte Settlement's administration and policing organization. Transportation between Kulangsu and Amoy was cut off by the Japanese navy. British and American sailors, equal in number to the Japanese force, were then landed, but were withdrawn on Sept. 1 when the European war broke out. Transportation between Kulangsu and Amoy has now been restored.

Lt.-Gen. Yamada Given Inspector-General Post

Lieut.-Gen. Otozo Yamada, who succeeded Gen. Shunroku Hata, Minister of War, as commander-in-chief of the Japanese Expeditionary Force to Central China, was last week appointed Inspector-General of Military Education, one of the "big three" posts in the Japanese Army. He succeeds Gen. Toshizo Nishio, who is now in Nanking occupying the newly-created post of commander-in-chief of the Japanese Expeditionary Forces to China.

Lieut-Gen. Masataka Yamawaki, Vice-minister of War, was relieved of his post to be replaced by Lieut.-Gen. Korechika Anami. Lieut-Gen. Yamawaki will serve on the General Staff. Major-Gen. Tasuku Okada was appointed director of the Army Tank School at Chiba near Tokyo.

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WASHINGTON LONDON

Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

September 29

Japanese bombers raided Chungking last night and early this morning, concentrating their attacks on the suburbs of the city. Suiting, in northeast Szechwan, also bombed.

Japanese planes bombed Changsha on Sept. 27 and 28, but heavy rains during the two days prevented large-scale operations. Fighting in North Hunan expected to increase in severity with more favorable weather conditions.

Japanese reports claimed Chinese authorities abandoning Changsha due to Japanese advance; military establishments said almost wiped out by Japanese bombing; civil offices being transferred.

Foreign reports stated that Japanese air force heavily bombed the Kwangsi highway between the Indo-China border and Nanning and Kweilin, during the past month in an attempt to disrupt communications.

Gen. Toshizo Nishio, new Commander-in-Chief of Japanese Forces in China, accompanied by his Chief of Staff, Gen. S. Itagaki; former Japanese war minister, arrived at Shanghai by air. Gen. Nishio will establish headquarters at Nanking.

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September 30

Severe fighting continuing in North and Central Hunan with the Chinese forces offering most stubborn resistance to stem the Japanese drive on Changsha. Changsha severely bombed by Japanese airplanes day and night for the past three days.

Chinese troops in Hupeh reported to have crossed the Han River and launched a general offensive on Sept. 27 against Japanese positions on the east bank of the river.

Foreign Minister Wang Chung-hui issued statement, clarifying his views on the Sino-Japanese hostilities, especially with reference to the United States being in a position to act as mediator, which he expressed in an interview with **United Press** on Sept. 27. Dr. Wang emphasized: "The National Government will continue the war of resistance against Japan until a final victory is achieved. We are fighting not only for China's independence and integrity but also for the maintenance of international treaties, including the Nine Power Pact. Unless and until that end has been achieved, we will not lay down our arms."

Dr. Wang said that it was his personal conviction that America is destined to play an important role in the Far East and she could bring about a just solution of the Sino-Japanese conflict on the basis of the Nine-Power Treaty.

Semi-official circles in Washington favorably impressed by Dr. Wang Chung-hui's views regarding the United States being in a position to act as mediator in the Sino-Japanese war. Dr. Wang's statement viewed as a clear exposition of China's position and a fresh and vigorous reiteration that China wants only the restoration of her long established rights and principles and therefore would desist fighting whenever Japan withdraws.

"China is winning the war against Japan and final victory will be achieved under any of three circumstances: when the Chinese Armies counter-attack on many fronts at a favorable moment, when war weariness overcomes the invaders or when foreign pressure on Japan is increased," General Li Tsung-jen told the **United Press** at Chungking. Gen. Li declared that China could continue the war for as many years as necessary to fulfil all three conditions for victory. The Japanese said to have already used 33 divisions sent to China, while the best troops of the Chinese are still largely intact, Gen. Li averred.

*
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October 1

Continuing their advance along the Canton-Hankow Railway, vangnards of Japanese forces reported to have reached the outskirts of Changsha. Chungking military spokesman declared that the Chinese Command intended to avoid positional warfare in areas east of Canton-Hankow Railway. "After the fall of Hankow," he said, "Changsha is no longer important from a military point of view."

Severe fighting again broke out along the border of Hongkong between the Japanese troops and Chinese guerrillas. The Japanese border garrison of some 1,000 men said "bottled up" in Shumchun.

Gen. Chiang Kai-shek condemned Wang Ching-wei for his traitorous activities. Wang accused of "opening the door to a big bad wolf." If Wang has still his conscience, Gen. Chiang said, he ought to commit suicide to show his repentance to his fellow countrymen.

Gen. Toshizo Nishio assumed his post as Commander-in-Chief of all Japanese Army Forces in China, with headquarters at Nanking. Gen. Nishio declared in a statement issued on the occasion that conditions now prevailing in China as a result of the Sino-Japanese hostilities "will not necessarily determine the future situation." He urged third Powers to co-operate with Japan in China.

Anti-British agitation revived in various parts of North China. Shops at Kaifeng selling British goods threatened with closure. All British business at Tsinan departed.

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October 2

The Japanese advance on Changsha said to have been checked as the result of a vigorous Chinese counter-attack. Chinese positions on the outer defence line of Changsha extending on a 120-kilometer front stated to have improved.

Fighting on the border of Hongkong continuing. Japanese communications between Namtau and Shumchun said cut by Chinese guerrillas.

Approximately 200 Czech military officers said to have arrived in "free China" to volunteer their service to China in her war against Japan, according to a foreign report from Chungking.

Negotiations regarding the matter of collection of taxes on the extra-Settlement roads said progressing between G. G. Phillips, S. M. C. Secretary, and Fu Siao-en, "Mayor" of the Japanese-occupied Shanghai.

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"The supreme question now confronting Japan is the settlement of the China affair, on which, therefore, both foreign and home policies must be concentrated," declared the Prime Minister, General Nobuyuki Abe, in an address to Prefectual Governors in Tokyo.

Five British gunboats of the Yangtsze Patrol ordered withdrawn "in view of urgent military necessity elsewhere," according to announcement by British naval authorities in Shanghai. The withdrawal reduces the Patrol's strength to five ships.

⁂

October 3

Eight giant Chinese bombers staged a surprise raid over Hankow, heavily bombing the Japanese airdrome there. The raid resulted in a huge conflagration which blazed for over an hour. Japanese claimed only 26 tins of gasoline were set on five, but foreign observers believed the damage caused by the bombing considerably heavier than reported. All raiders made safe gateaway.

Forty five Japanese planes raided upriver cities on the Yangtsze. They flew over Chungking but dropped no bombs. Among the cities raided were Suifu and Luchow. Chengtu, capital of Szechwan, raided in the night of Oct. 2; damage slight.

Japanese forces in North Hunan said weakening in their drive on Changsha as a result of the vigorous Chinese counter-attack now in full swing.

Nine and one-half full Japanese divisions now engaged in fighting Chinese guerrillas in Shansi, according to Chungking military spokesman.

The **Hsin Hua Jih Pao**, communist organ at Chungking, attacked the withdrawal of five British gunboats from the Yangtsze, asserting that Britain's intention in the Far East was "slackening" because of the European war.

Japanese War Office spokesman announced that Japanese losses in the "Nomonhan Incident" on the Mongolia-Manchukuo frontier totalled 18,000 killed and wounded. Russian losses alleged heavier.

The U.S. Embassy at Peiping lodged (yesterday) two protests with Japan against Japanese attacks on American interests in China. Details of the incidents unrevealed.

⁂

October 4

Large Japanese force consisting of several divisions claimed to have been trapped in the Mofushan mountains, in northeast Hunan, according to Chinese field dispatch. Fate of Changsha, capital of Hunan, expected to be decided in a few days in the battle now raging in Mofushan.

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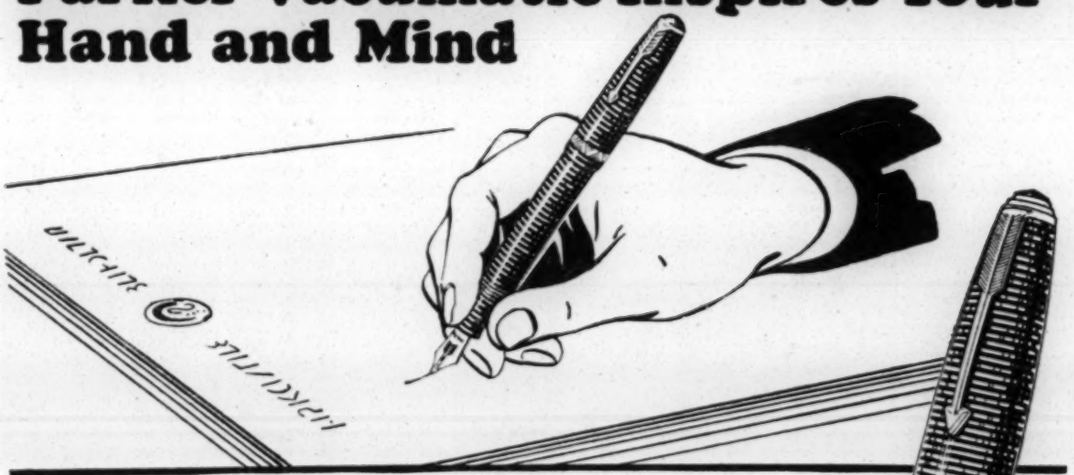

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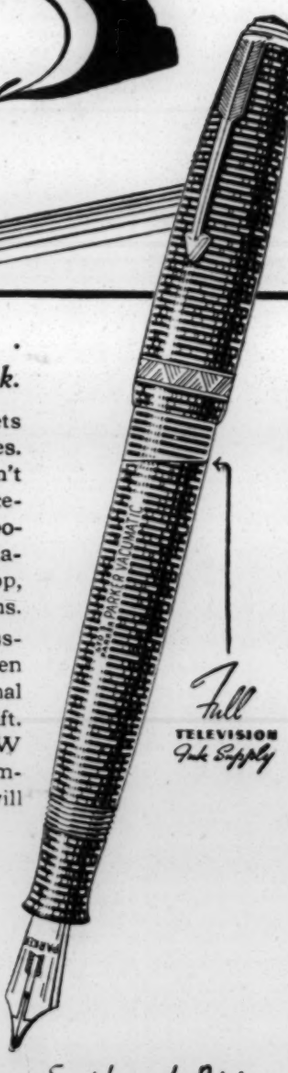

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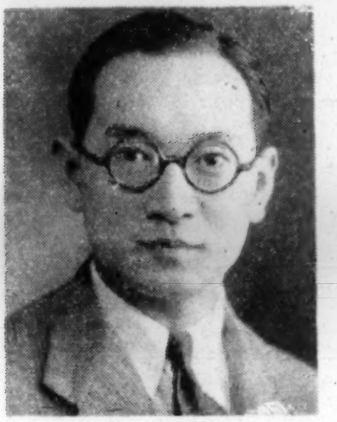
Who's Who in China

Wilfred Sien-bing Wong, engineer and business man; born at Shanghai, Dec. 18, 1910; son of the late Dr. T. T. Wong (Director of the Chinese Educational Mission to the



黃宣平

Wilfred Sien-bing Wong
(Huang Hsuan-ping)

U.S.A. 1911-1919); graduate of St. John's Senior High School, Shanghai; advanced professional education in Canada and the United States; after graduating from the University of Toronto, Canada, he obtained practical training in the engineering division of the Frigidaire Corporation and the General Motors Corporatioin, U.S.A.; he is now holding the following positions: Director & General Manager, American Engineering Corporation (China), Director & General Manager, China General Machinery Corporation and factory representative of Federal Laboratories, Inc. U.S.A.; author of "Ocean Transportation on the Pacific;" address: 669 Hart Road, Shanghai.

Reports of Chinese successes in their counter-attacks northeast of Changsha prominently featured in Chinese papers in Chungking.

Among the Chinese troops responsible for the successes are many able-bodied conscripts from Szechwan and Kweichow trained after the fall of Hankow.

Japanese claimed "Japanese forces have dealt a crushing blow to 14 of the 42 divisions of Chinese troops in northern Hunan."

Changsha might not be taken by the Japanese after all, declared Japanese Army spokesman in Shanghai. He added, however, that Japanese forces were "very close" to the city.

Eighteen Japanese planes bombed the suburbs of Chungking. Chinese combat planes and heavy anti-aircraft fire prevented the raiders from attacking the city proper. Between 50 and 100 Japanese planes on the Japanese airdrome at Hankow claimed to have been destroyed during the Chinese raid yesterday.

Gen. Chu Teh, Commander of the 8th Route Army, reported proceeding to Moscow shortly on a goodwill visit. Would consult Soviet government officials regarding assistance to China.

Chungking military circles denied knowledge of any Soviet troop movements across the border of Sinkiang as alleged in a report in the **New York Times** filed from Shanghai. Report described as a "piece of Japanese propaganda."

A shiploaod of seriously wounded Japanese troops, numbering about 600, arrived at Shanghai on Oct. 3 aboard the Japanese transport **Jesui Maru** from Hankow, indicating serious fighting around the Central China city, according to a **China Press** report.

*
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October 5

Chinese claimed important victory near Changsha, capital of Hunan. "General collapse" of Japanese lines northeast of Changsha reported in dispatches received at Chungking. The 33rd Japanese division claimed annihilated after engagements in the vicinity of Pingkiang. The tide of the battle in North Hunan turned suddenly on Oct. 1, when the Chinese launched their counter-attack.

Forty-five Japanese planes staged another moonlight raid on Chungking's suburbs but without causing much damage; eastern Szechwan districts also bombed.

Japanese claimed capture of Siushui, in Kiangsi, on the Wuning-Changsha highway.

Wang Ching-wei's plans for the organization of a new puppet central government in Nanking on Oct. 10 held up because of the opposition of Wang Keh-min, head of the Peiping regime.

The Chinese Foreign Office denied that any Soviet troops had entered Sinkiang as alleged in foreign press reports from Shanghai. The report that Soviet Russia had demanded the transfer of the 8th Route Army to Yunnan from North China also refuted.

Presence of large U. S. fleet in the Pacific welcomed by Chinese circles in Chungking, who regarded the move as "greatly contributing to the stabilization of the Far Eastern situation" by halting the southward advance of imperialist Japan.

Sir Archibald Clark Kerr, British Ambassador, left Shanghai (yesterday) for Chungking via Hongkong. Mission of trip unrevealed.

Prices Soar in Japan Despite Gov't Control

With a 43.1 per cent rise in the price of export goods and a 9.2 per cent gain in that of imported goods, the wholesale price index in Tokyo continued on an upward trend in September. The Bank of Japan reported a 5.7 per cent gain, and the Tokyo Chamber of Commerce and Industry a 4.3 per cent increase in wholesale prices. The increase was in spite of government price control measures ordering that prices be pegged at September 18 figures.

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Men and Events

J. V. Crowe, manager of Ford Motor Company, Exports, Inc., celebrated on Wednesday of this week, the tenth anniversary of his arrival in China and his appointment as director of Henry Ford's interests in China, Indo-China and the Philippines. However, he has been with the Ford Company for fifteen years, part of which was spent in Japan and Formosa. Mr. Crowe first went to the Philippines in government service in 1911. After serving as a captain in the World War he became connected with the automobile industry in 1920. Mr. and Mrs. Crowe recently returned to Shanghai from a trip to the United States.

J. V. Crowe

*

Capt. W. Tornroth, veteran Yangtsze River shipmaster, returned to Shanghai this week from a trip to his native land of Finland. He returned by way of the United States.

*

John V. Armonia, an American Marine who shot and seriously wounded a Japanese soldier in the leg last week, will be court-martialed, according to *United Press* report from Tientsin this week.

*

Edward W. McDonough, a draftsman employed by the Douglas Aircraft Corporation at Los Angeles, was arrested on August 13 on a charge of stealing plans and drawings of planes under construction for the U. S. Government.

*

The British-owned Tseng Mao Broadcasting station at Peiping, located within the Legation Quarter, was sold on Oct. 13 for the sum of $18,000 to the Central Broadcasting Station, controlled by the Peiping puppet government.

*

Dr. J. J. Heeren, member of the faculty of Cheloo University, Tsinan, Shantung, who departed from China several months ago, was in London when the European war situation developed. He and Mrs. Heeren succeeded in obtaining quarters on the George Washington and sailed for the United States on Sept. 10.

R. T. Evans, American attorney in Tientsin, arrived in Shanghai this week from a three months' trip to the United States.

*

Major C. K. Begley of the Salvation Army departed last week on a trip to Chungking. He was accompanied by four Chinese who have been trained in Salvation Army work. The organization is planning to open branches in Chungking and elsewhere in west and southwest China.

*

Bruno Lessing, well known American writer, is now visiting in Japan and is scheduled to make a trip to Manchukuo and North China. Mr. Lessing, whose real name is Rudolph Block, is connected with the *Hearst* newspapers.

*

William D. Pawley, representative in the Orient for Curtiss Wright aviation interests, who arrived in Honolulu on Oct. 14 on his way to the Orient, declared that the Japanese drive in China had "bogged down," and that Japanese troops had made little progress in the past year. Mr. Pawley is traveling by Clipper plane.

*

The American Red Cross Headquarters at Washington has appropriated the sum of US$750,000 for relief work among civilians in Europe. The appropriation, made on Oct. 14, resulted from an appeal by a Red Cross Commission which is now investigating conditions in Europe. Total expenditures of the American Red Cross in Europe since the outbreak of the war amount to U. S. $1,000,000.

K. C. Lee, wealthy Chinese businessman in New York, president of the Wachang Corporation, has donated the sum of U.S.$100,000 to Gen. Chiang Kai-shek for use in the war. The money was sent in appreciation of the Chinese victory at Changsha. Gen. Chiang cabled Mr. Li expressing his appreciation.

*

More than 40,000 Chinese refugees, many of them overseas residents, have settled down in Haiphong, French Indo-China, since the beginning of the Sino-Japanese conflict. As a result the city is seriously overcrowded, according to a report from Kunming.

*

Dr. Sybil Gunatillaka, a Singapore Cingalese woman, has been awarded a year's scholarship for special study in England and Canada by the Carnegie Foundation. She will study at the Great Ormond Street Hospital for children in London and at the school of hygiene of the University of Toronto. She is the first Singapore woman to receive a scholarship of the Carnegie Foundation.

*

The International Buddhist Society of Tokyo held a memorial service at the Honganji Cathedral in the Japanese capital on Oct. 14 in honor of the late Rev. Dwight Goddard, an American missionary, formerly of Foochow, Fukien province, and the late Rev. Bhikksu Ottama, a Burmese. Both died in the present year and both were credited by the Japanese with "clarifying Japan's position before the world, after the outbreak of the Sino-Japanese hostilities."

The Chinese postal authorities announced this week that an air-mail surtax, amounting to 65 cents per five grams, had been assessed on all airmail letters between Shanghai and Indo-China, Netherlands, India, Malaya, Siam, Burma and Iran.

*

L. K. Little, Commissioner of the Chinese Maritime Customs, who has been home in the United States on extended leave, passed through Shanghai this week on his way to Canton where he will be stationed in future.

*

Dr. John C. Ferguson of Peiping will address the members of the American University Club at luncheon on Tuesday, Oct. 24, on the subject, "North China." The luncheon will be held at the American Club, 209 Foochow Road, at 12:15 o'clock.

*

Randall Gould, Editor of *The Shanghai Evening Post* and correspondent in the Far East for *Christian Science Monitor*, was married on Monday evening, Oct. 14, to Miss Helen Wiley, Court Reporter of the U. S. Court for China. The ceremony was performed at the home of Judge and Mrs. Milton J. Helmick at Haigh Court with Judge Helmick officiating. Mr. and Mrs. Gould departed for Japan on a wedding trip.

*

Tagayasu Fukuda, managing director of the Central China Telecommunications Company, was elected president of the concern at the general meeting of shareholders held at the Shanghai Nippon Club on last Sunday afternoon. The Central China Telecommunications Company was organized by Japanese army officers to operate Chinese telegraph, telephone and radio installations in the Shanghai district, following the occupation of the Shanghai area by the Japanese Army in 1937-1938.

*

Roger Babson, well known economist, who arrived at San Francisco on Oct. 14 from an extensive tour of the Far East, said that developments in the Orient were of more importance to the United States even than developments in Europe. He said that the European war was overemphasized in the American press and expressed the opinion that a full development of the trade potentialities in the Far East "would eliminate unemployment in the United States." Mr. Babson said he had made a special study of the factors behind the Sino-Japanese hostilities.

*

The Japanese Newspaper Association has petitioned the Premier for a relaxation of restrictions on the production and sale of newsprint paper. According to the *Japan Chronicle* (Kobe) the petition read as follows: "It is feared that as a result of the continued reduction in the quantity of paper supplied to them, many newspapers will be dealt a mortal blow. The Association has pointed out to the authorities the importance of newspapers under the present emergency situation, and has requested them to make every effort to ensure that the newspapers are assured of an adequate supply of paper."

James E. Fulham, vice-president of International Telephone and Telegraph Company, which controls the Shanghai Telephone Company, was given the fourth class Order of the Rising Sun by the Emperor of Japan on Oct. 11. The decoration was awarded, according to the *Domei* report, in recognition of Mr. Fulham's contribution toward the technical development of Japanese telegraphic communications.

*

Two Japanese, Tomio Ishikawa and Kanejiro Uenomiya, were recently arrested in the Osaka district of Japan and are now awaiting trial on a charge of swindling druggists in the Tokyo-Yokohama area of more than Y.300,000 in cash. According to the report the men solicited advance payments from the druggists on the promise to deliver large quantities of morphine and heroin—produced by Japanese factories in Tientsin and Manchuria. Evidence given by a geisha girl led to the discovery of the gang.

*

The Central China Urban Motor Bus Company, a Japanese concern which operates buses in Nanking and in the Japanese-controlled sections of Shanghai, including the territory of the puppet Ta-Tao Government, has brought to Shanghai 26 Japanese girls who will be trained to serve as conductors on the various lines. The girls were recruited in Japan by Yoshitaro Michiaki, a director of the company, who announced that 50 new buses had been purchased in Japan for use in Shanghai and Nanking.

Japan now owns 1,200 cargo vessels having a total of 4,500,000 tons and involving an investment of Y.1,600,000,000, according to a report in the Tokyo *Chugai*. The figures were compiled by the Japanese Shippers' Club.

*

The Kwang Hwa Paper Manufacturing Company has been formed in Shanghai for the purpose of manufacturing newsprint paper. The promoter is Ling Shu-yen, an overseas Chinese businessman. The company will be capitalized at $100,000, according to the report in the Chinese papers.

*

Thomas Bata, head of the famous Bata Shoe Company, formerly of Czechoslovakia, but now controlled by Germany, was arrested by the Nazi Gestapo, or secret police, according to a *Reuter* report from Paris on Oct. 14. It was alleged that Bata recently had become a British subject, which apparently was the reason for his arrest. The Bata Shoe Company had several shops in Shanghai which were quite active prior to the Nazi occupation of Czechoslovakia.

*

The U. S. Maritime Commission at Washington announced on Oct. 15 that contracts had been awarded to the Moore Drydock Company of Oakland, Cal., for two cargo vessels. The contract called for an expenditure of U. S. $4,506,000. This contract raises the number of new vessels ordered by the Commission, since the fall of 1937, to 139.

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THE SEA CAPTAIN'S SHOP

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119 Nanking Road
Central Arcade

Over Thos Cook & Sons **Phone 10206**

Arthur Peterson, Deputy U. S. Marshal in Shanghai, has returned from a trip to the United States.

*

A significant economic note in the Tokyo *Chugai:* "The raw cotton crop in North China has sharply dwindled and no surplus can be allotted for export."

*

Admiral Thomas Hart, commander of the U. S. Asiatic Fleet, was entertained at dinner on Wednesday evening of this week, at the Park Hotel, by the officers and members of the Board of Directors of the China Institute of International Relations. Dr. Sao-ke Alfred Sze, former Ambassador to the United States, presided.

*

The newspaper *Tung Ya Hsin Pao* in Peiping, a Japanese organ, claimed that the British and French ambassadors in Chungking were negotiating with China for the dispatch of 500,000 Chinese troops and 2,000,000 workmen to the European front. The Japanese paper claimed that the Anglo-French proposal was coldly received in Chungking "because of the fear of Germany's more powerful position today than in the last World War."

*

R. H. Scott, former Assistant Financial Adviser to the British Embassy in China, has been appointed director of the Far Eastern Branch of the new British Ministry of Information. Mr. Scott recently arrived in Shanghai for an inspection of conditions here, but will return to Hongkong where his office will be located. H. Vere Redman, correspondent for the *Daily Mail* in Japan, has been appointed assistant director and will be stationed in Tokyo. Recently Mr. Redman denied a report published in the Japanese newspapers that the British intended to spend Y.10,000,000 for propaganda in the Far East.

*

The families of 10,379 Japanese soldiers and sailors killed in China arrived in Tokyo on Oct. 15 for the purpose of participating in enshrinement ceremonies at the Yasukuni Shrine, held on Tuesday of this week. The ceremonies, conducted by high Army and Navy officers and Shinto priests, were most elaborate. The families of the war dead were transported to Tokyo from various parts of the country in special trains at government expense. The number of officers and men who received posthumous honors was 7,854. They were either killed in action or died from wounds or illness in the fighting in China between June 5 and August 25, 1937. According to *Domei* this was the 15th Army honor list since the beginning of the conflict in 1937.

TYPEWRITERS, AUTOMOBILES Bought, Sold, Rented, Repaired & Rebuilt, HERMES BABY Dealers, Bartlett Yung Co., 132 Kiangse Road, Tel. 11875, Garage End of lane 749 Yu Yuen Road, Tel. 20349.

A son was born to Mr. and Mrs. Harris G. Nelson at the Women's Hospital, 105 Great Western Road, on Oct. 11. Mr. Nelson is a partner of Dr. George Sellett, American attorney.

*

Some 50 staff members of the Bank of China, Bank of Communications, Central and Farmers' Bank departed from Shanghai this week for Hongkong, from which point most of the party will proceed to Kunming where a central office for the four banks recently has been established.

*

Shanghai newspapers announced on Monday of this week that there would be no further publication of arrivals and departures of British ships, either ocean-going or coastal. The order was made necessary due to wartime regulations. Passengers or shippers of cargo will be required to communicate directly with the offices of the shipping companies to obtain information about shipping schedules.

*

Japan's well known financier and promoter, Ayukawa, head of the Manchurian Industrial Development Corporation, is departing shortly on a two-months' tour of the United States, according to a report in the Oct. 8 *Nichi-Nichi*. The report stated that Mr. Ayukawa had made a tour of Inner Mongolia and was proceeding on a tour of the Yangtsze Valley, following which he would return to Japan and probably would sail for the United States on Nov. 2.

A daughter, Eleanor, was born to Mr. and Mrs. W. J. Lamneck at the Country Hospital on October 11. Mr. Lamneck is connected with the Chase Bank.

Japan's Continental Trade Shows Increase

Registering a 62 per cent increase compared to last year, Japan's trade with Manchukuo, the Kwantung Leased Territory, China and Hongkong during September amounted to Yen 212,203,000, *Domei* reported. Exports, valued at Yen 173,535,000, showed a 78 per cent increase as compared to the corresponding month of last year, while imports, totalling Yen 38,668,000, showed an increase of 12 per cent over September, 1938. The Yen 134,867,000 surplus of exports over imports brought the total favorable balance for trade in this area to Yen 749,897,000, an increase of Yen 358,044,000 over September, 1938.

Kiukiang-Nanchang Rail Service Said Resuming

Railway service on the 120-kiloter line between Kiukiang and Nanchang, capital of Kiangsi Province, was to be resumed Oct. 17, according to a Japanese announcement from Hankow last week. Reconstruction of a 50-kilometer section between Yungsin and Nanchang, which was started early last month, has been completed, the report said.

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New Books of Interest in the Far East

Aviation History

THE STORY OF AIRCRAFT — By Chelsea Fraser. Revised Edition. Thomas Y. Crowell Company, New York. 515 pp., illustrated. U.S.$2.50.

In popular style this book by the author of a considerable number of other volumes of comparable nature, several having to do with aircraft, depicts the whole long history of man's battle with the law of gravity from mythical Deadalus, who was said by Ovid to have flown with feathers till the sun melted the wax attaching them, to today's multi-engined transports and rocketlike battle planes.

From the titles of Mr. Fraser's other books, it would appear that he writes primarily for boys. But the present volume will be read with interest by aeronautic enthusiasts of all ages. It courts the younger reader by a certain willingness to enlarge on the known facts—providing direct-quote conversations of which the author can have no real knowledge, for example—yet indulging in no vital trifling with truth, and packing a tremendous mass of information between its covers. Obviously Mr. Fraser is not a technician, but at the same time he knows aeronautics enough to grasp the essential points of the devices and experiments he describes, and to avoid the pitfalls which beset the path of the out-and-out amateur. A great deal of his material is of necessity gathered from imperfect records, and some of it is dealt with rather imaginatively, but the writer has a conscience and he gets his essentials properly in place whether dealing with balloons, parachutes, airships, gliders or airplanes. Even in looking into a speculative future, he is reasonably canny and hangs to a sensible set of known facts.

A perhaps disproportionate share of the book, from the standpoint of the more mature reader, is taken up with accounts of early balloon flights—yet it must be owned that some of these more or less crackpot adventures make excellent reading. Not even the modern exploits of such men as Professor Jean Piccard seem to have the gripping quality of the primitive, courageous stunts of such a man as Felix Nadar—said to have taken the first photograph from the air, and head (in the 'sixties of the last century) of a wild trip in the £8000 "Giant," 196 feet high and lifting four and a half tons. After taking up 32 passengers on one occasion, Nadar took some of the group on a drifting voyage of 400 miles which ended in a devastating drag through trees, telegraph wires and other impedimenta which injured five of the party and broke both of Nadar's legs.

Then there is Andree's effort to reach the North Pole by balloon near the end of the century—a brave attempt which apparently almost succeeded, but which finally came to disaster with lingering death of all three participants. And the story did not come to light fully for 30 years, until ruins of the balloon, scientific instruments, bones, and Andree's diary were found.

All manner of fine yarns are found in the book, and almost all of them contribute some bit of aeronautic information of value or at least an insight into the puzzles and perils of the early pioneer-explorer. It is rather curious that one of the great stories of all aviation history, the first flights and subsequent efforts of the Wright brothers, does not seem in this account wholly to come off; perhaps the auther wrote himself out in the earlier descriptions of lighter-than-air craft of one sort or another. But at any rate the facts are there fairly fully and in this, as with much else of the book, the illustrations are helpful although a little crude.

Mr. Fraser does not neglect the Far East although his account of the use of airlpanes in the present Japan-China war is obviously gained rather sketchily. He has some interesting facts on Japanese aircraft and policy but dismisses China's air force, not inexcusably in the light of much of its record, as "not only meager but inefficient" at the time the war started. He says the plane equipment was less than a hundred machines with only "a score" of modern craft, which is decidedly understating the case, although field crashes whittled down the effective strength so fast that the record probably never will be accurately compiled. He suggests that the ultimate victor in this war "will probably be the one with the largest number of modern warplanes," which hardly takes account of all factors.

The author's handling of civil aviation in the Far East is inexcusably sketchy, in view of information available, but an accompanying map is quite up to date, showing the Free China inland route from Hongkong to Chungking and Japan's routes to Hokkaido, Formosa and Dairen, although not taking into consideration the Japanese run to Shanghai and Nanking, or to Tsingtao and Peiping, or the Nanking-Peiping line, or the Chinese line from Hanoi to Chungking or the line on to Chengtu which is now the oldest run in this country. Air maps constantly change but there are a number in this book which are interesting and seem quite accurate in general.

In a concluding chapter, "Looking Into the Future," the author tells of forecasts of a Flying Wing plane lacking body or tail; of design to accomodate 100 passengers, now being worked out for Pan-American; of such planes now flying as the 40 passenger Douglas DC-4; of the autogiro which can land on a roof; of the new single-blade propellor which surprisingly seems to provide less vibration, faster take-off and stratosphere and trophosphere (35,000 feet) plans, and the new height-climb, and higher cruising speeds; above-obstacle altimeter which gives a plane's height above any solid object in place of the usual sea-level altitude. All in all a sane, vigorous and reasonably well-balanced volume,

not only easy to read but worth a permanent place on the reference shelf.

R. G.

Mine of Information

CHINA AND JAPAN. The Royal Institute of International Affairs, London, 1938. Price 2/6d.

As the occasion arises, the Royal Institute of International Affairs publishes pamphlets dealing with questions of modern interest. Such an one is *China and Japan*, a lively account which in the space of one hundred and thirty pages offers a veritable mine of information on all the major factors involved in the present China war.

Parts 1 and 2 present an analysis of the political factors in Japan and China which are responsible for the present rift between the two neighbors, as well as a chronological outline of the principal events in Far Eastern history from 1860 to the beginning of 1938, not forgetting the traditional "bad boy" role of Russia.

Part 3, entitled "Economic Factors in China, Japan, and Manchukuo," is valuable for its inclusion of a large number of statistics and tables, culled primarily from various Oriental year books and government reports.

The final section, Part 4, sketches the history of the Shanghai International Settlement from 1845 to 1938, with special attention paid to the aggressive policy of the Japanese toward the Settlement since the withdrawal of the Chinese troops in the fall of 1937.

Of a non-partisan nature, this little pamphlet provides the man who is interested in international affairs, but who is prevented from reading at length on the Far Eastern situation, with a concise, objective account of the causes and course of the Sino-Japanese War.

C. E. P.

German Economic Review

WELTWIRTSCHAFTLICHES ARCHIV.—Volume No. 50. Review of the Institute of World Economy at Kiel University. Jena (Germany), 1939. Published by Gustav Fischer.

This summer, the famous *Weltwirtschaftliches Archiv*, bi-monthly scientific review of world economy and finance of the German University at Kiel, started upon the publication of its volume No. 50. This famous review has been appearing regularly for 25 years and remains of as great interest as always to scholars and economists all over the world. The ascension of the National Socialist regime in Germany has done but little to impair the value of this publication, which continues to survey, without passion and with a high degree of impartiality, current economic and financial developments of our earth.

A detailed report on the treasures and classification of the library of the Kiel Institute of World Economy is a special feature of issue No. 1 of Vol. 50, published in July, 1939. The library remains open to, and is extensively made use of by, non-German scientists and economists. This year's thus far four issues of the *Weltwirtschaftliches Archiv* contain special surveys by German as well as foreign scholars on conditions and recent developments in Poland, Denmark, Turkey, Scandinavia, France, Belgium, Switzerland, Hungary, Portugal, Ireland, Yugoslavia, U.S.A. and British India. Besides, there are many interesting and sound contributions on problems of exchange and currency policy, capital investment, national income, etc. Of outstanding interest to Far Eastern readers was an article in the March issue on the importance of foreign business investments in general, with special emphasis laid on the Pacific area, by Mr. F. G. Conolly, of Basle, Switzerland.

A special feature of the *Weltwirtschaftliches Archiv* continues to be the extensive book reviews, by experts, of the whole world's new literature on economics and finance.

A.

Human Interest Story

LIM YIK CHOY: THE STORY OF A CHINESE ORPHAN — By Charles R. Shepherd, Th.D. N. Y., Fleming H. Revell Co., 1932. 252 pages. Price U.S.$1.50

This is a novel which describes the life of a Chinese orphan as he grows up in the United States. Lim Yik Choy is taken as a little boy to San Francisco. After the death of his uncle, his life brings him in contact with the problems of city life as well as with those problems peculiar to aliens in a new country.

It is evident that the widespread interest in China is responsible for the revival of this book, whose chief object is to show the value of a definitely Christian Americanization for newcomers. The style is somewhat stilted and the book has the flavor of a tract rather than a novel.

F. M. R.

Hongkong Gets Record Budget, Income Tax

A war-time budget amounting to H.K.$50,000,000, an all-time high in the history of the colony, was introduced in the Hongkong Legislative Council on Oct. 12 in respect of the fiscal year commencing January 1, 1940. The anticipated expenditure exceeds the present year's outlay by more than H.K.$10,000,000, but the increase is not so great as it appears in view of the fact that the coming fiscal year is to cover a 15-month period ending Mar. 31, 1941, whereas the present fiscal year covers the usual 12-month period.

Major increases in the projected budgetary expenditure are air raid precautions, $689,000; Volunteer Defense Corps, $107,000 and Public Works Extraordinary $1,000,386.

On the revenue side, to provide for the higher expenditures, there is included a 10 per cent tax on incomes, company profits and interest earnings, while duties on gasoline, wines and spirituous liquors have been doubled. Income tax exemptions apply to amounts up to $1,800 unearned and $2,000 earned, with allowances on taxable incomes of $1,800 for a single man and $1,350 for a married man, plus $1,000 for the first child and $600 for each subsequent child.

In the United States Court for China

IN RE. ESTATE OF ALICE MARTHA HOUSTON, Deceased

Cause No. 4437
Special Proceedings No. 2316
NOTICE
Filed at Shanghai, China,
Oct. 12, 1939
WILLIAM T. COLLINS
Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the Estate of Alice Martha Houston, deceased, to present the same with vouchers to the undersigned on or before 15th day of April, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

RODGER & WIENER,
Attorneys for
(Mrs.) JEANNE P. VAN HENGEL,
Administratrix of the Estate of Alice Martha Houston, deceased,
Y.W.C.A., International Branch,
999 Bubbling Well Road,
Shanghai.

In the United States Court for China

In re.
LAST WILL AND TESTAMENT
of
WIRT SMALLEY LEONARD,
Deceased.

Cause No. 4438
Special Proceedings No. 2317
NOTICE
Filed at Shanghai, China,
Oct. 13th, 1939.
WILLIAM T. COLLINS
Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Wirt Smalley Leonard, deceased, to present the same with vouchers to the undersigned on or before April 20, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

JEANNE LEONARD,
Clements Apartments,
1363 Rue Lafayette,
Shanghai, China.

Shanghai, China.
Dated October 13, 1939.

CUSTOMS NOTIFICATION

No. 1640

DRAWBACK CHEQUES DATED BEFORE 1ST JANUARY 1937 TO BE INVALIDATED AFTER 31ST JANUARY 1940.

In accordance with instructions from the Inspector General of Customs, the public is hereby notified that all unclaimed cheques dated between 1st January and 31st December 1936, will be destroyed unless claimed before 1st February 1940. Similarly, Drawback cheques dated between 1st January and 31st December 1936, which have been issued but not cashed, will become invalid after 31st January 1940.

(L. H. LAWFORD),
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 12th October, 1939.

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Japanese Gendarmerie Seize Bank Building

The Shanghai Municipal Council was expected to consider this week whether it would take any action regarding the seizure of the Chinese Bank of Communications Building, at the corner of The Bund and Hankow Road, by Japanese gendarmes on Oct. 12. Twenty men, in plain clothes, broke into the building at 5 a.m., overpowered a handful of watchmen and office coolies, and took over the second and third floors of the building. They paid special attention to the third floor, which was used as a school for employees of different branches of the bank which had moved into Shanghai from Japanese-occupied areas.

The unexpected raid followed a call at the bank premises the previous afternoon by two plain clothes men who said they represented the Japanese gendarmerie and desired to rent a part of the office space. On being told that the building was fully occupied, the pair withdrew and the raid followed next morning. The plain clothes men were said to belong to the Japanese River Gendarmerie Headquarters on the Floating Restaurant at Peking Road and The Bund. Finding the Floating Restaurant, where they lived, too crowded, they had to look for new quarters, it was believed.

The Japanese intruders are still in illegal occupation of part of the building and no attempt has been made by the Shanghai Municipal Police to evict them. Branches of the bank which occupied the usurped space have removed to the French Concession.

Nippon Goodwill Plane Completing Epic Flight

Completing a 60,000-kilometer earth-girdling goodwill flight, the Japanese monoplane "Nippon" was expected to reach Tokyo on Oct. 20 after covering the final 5,000-kilometer lap of its journey from the Thailand capital at Bangkok. The final lap, to be made non-stop, was to be the longest of the entire flight, although it was hinted that a stop might be made at Taihoku, Formosa. Tokyo residents were preparing to give the round-the-world fliers a great welcome on their return home. The flight was sponsored by the *Nichi-Nichi* newspaper chain.

17 Killed When Train In Japan Jumps Track

Seventeen persons were killed and 108 injured on Oct. 13 when a two-car electric train was derailed near Nikko, famous scenic spot north of Tokyo. After jumping the rails, allegedly because of faulty brakes, the train plunged into a gorge. Thirty-two of the injured persons were reported to be in a serious condition.

MOTHER, IS YOUR LITTLE ONE NOT THRIVING?

Perhaps here is the reason why?

If your little one is not thriving in spite of all your care it may be that worms are the cause. Some of the signs which indicate the presence of worms are irregular appetite, grinding of the teeth in sleep, irritability, pain and swelling of the abdomen, irritation of the nose, bad breath.

The parasites deprive the child of much of the nourishing effect of food, with the result that he becomes thin and weak and his healthy development is arrested. Baby's Own Tablets have been used with the greatest success in expelling worms, and are equally helpful in cases of infantile constipation, upset stomach, biliousness, diarrhoea, simple fever, colds and croup, and to relieve the pains of teething.

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EXTRA SERVICE

On Friday, August 25, when the crisis in Europe reached a near-explosive point, THE CHINA PRESS editorial staff went on a 24-hour a day basis, put out, in addition to the news-crammed regular morning issue, two extras —one at 8 a.m., the other at noon.

Since then, the China Press staff has been maintained on a "war footing," has been putting out the noon extra daily. This ten-cent four-sheet special issue, carrying up-to-the-minute flashes from Europe, will continue to appear on the news-stands as long as the crisis lasts.

This extra service to Shanghai's readers is another demonstration of THE CHINA PRESS' efforts to publish news while it's news.

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